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ABSTRACT

The one-semester high school course in small business ownership/management for which this manual is designed is intended to easily articulate with both general and vocational education curricula. Focus of the course is on general management skills with opportunity to develop and practice problem solving, decisionmaking, and resource management. Included in the manual is the entire curriculum outline divided into content (the topic of each module, a brief summary of the content, and concepts and objectives) and process (estimated time to cover the content of the module, the particular teaching strategy used, and the preparation necessary to teach the module). The 35 modules are divided into four units: "The Sixteen Hour Day," "The Market is People," "Dollars and Decisions," and "Managing for Success." (Two small business simulation games which are an integral part of the curriculum, 23 class periods, are bound separately.) Also included in this manual are (1) sample evaluations for each of the units with questions of both an objective and subjective nature, (2) copies of all the student information sheets needed, (3) a list of references to other materials related to the content of each module, (4) a glossary of relevant terminology, and (5) an annotated bibliography covering the subject of small business. (IA)

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MINDING YOUR OWN SMALL BUSINESS

Teacher's Manual

U.S. DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
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INTRODUCTION

1.0 Goals

Minding Your Own Small Business is designed to provide students with the basis on which to decide whether or not to become small business owners/managers. Although the course is specifically related to small business, it has been structured to give students a chance to develop and practice the kind of skills that can be applied to any career; skills such as problem solving, decision making, and resource management.

2.0 Target Population

2.1 Instructors

The secondary school curriculum, Minding Your Own Small Business, is intended for use by any secondary school teacher in any school in the United States. No background in small business ownership, management or instruction is required of the teacher. The curriculum outline is accompanied by a step-by-step teacher's manual and includes all the subject matter needed to teach to the objectives. Selected readings are suggested at points where supplementary information would be useful to the instructor.

Although no background in small business is required of the teacher, it is desirable. Instructors with experience in business education, career development and counseling, distributive education or small business ownership/management can make valuable contributions not programmed in the instruction. These teachers will also not rely so heavily on the teacher's manual for subject matter familiarity.

2.2 Students

The curriculum is intended for use with tenth, eleventh and twelfth grade students who have a working knowledge of basic arithmetic. Unless the student is comfortable with addition, subtraction, multiplication, and division, he or she will be unable to achieve the objectives in the financial management section of the curriculum and in SBSG 2. There are no other prerequisites.

3.0 Class Size

Many of the teaching strategies used throughout the curriculum, particularly the small business simulation game, are heavily dependent on student interaction. Therefore, it is suggested that the course not be taught with fewer than twelve students.

4.0 Course Articulation

Minding Your Own Small Business is a one-semester course and could easily articulate with both general and vocational education curricula. The focus of the course is on general management skills, rather than the specific tools of management. Therefore, if students indicate a strong interest in small business as a career, it is suggested that they be directed into courses of study that will build on the knowledge they acquire in this curriculum.

5.0 Curriculum Outline

Included in this Teacher's Manual is an outline of the entire curriculum. The outline is divided into content (i.e., the topic of each module, a brief summary of the content, and concepts and objectives) and process (i.e., estimated time to cover the content of the module, the particular teaching strategy used, and the preparation necessary to teach the module). Since many of the activities in the curriculum require lead time for their success, this outline should prove to be a useful planning tool.

6.0 Business Advisory Group

Prior to the first day of class, it is suggested that the instructor contact several local businesspeople with the intent of forming an advisory group. There are several modules in the curriculum where the suggested learning strategies involve interaction between the students and persons in the business community. Having a business advisory group available throughout the course could:

1. Facilitate planning when speakers are needed or when students must go out and talk to businesspeople.
2. Provide a source of information for examples that could be used in classroom instruction.
3. Serve to increase and improve communication and understanding between the school and the community.
4. Improve relationships between the students and merchants. (Immediate consequences such as an increase in sales or a decrease in the incidence of shoplifting might even occur.)

7.0 Use of the Teacher's Manual

7.1 Organization

This Teacher's Manual to Minding Your Own Small Business has been carefully designed to facilitate instruction in the classroom. The curriculum is divided into four units which are tabbed for easy access: "The Sixteen Hour Day", "The Market is People", "Dollars and Decisions", and "Managing for Success". Each unit has an overview which gives a rationale for the teaching strategies used, the concepts on which the unit is based, any advance preparation required to teach the unit, and the time estimated to complete the unit of instruction. These overviews, used in conjunction with the curriculum outline, should make daily lesson planning fairly simple.

Each of the units is broken down into modules, distinct segments of subject matter relating to the broader subjects of the units. The content of the modules is similar to lesson plans and lecture notes. Each module is, in fact, a step-by-step approach to reaching the objectives. Each step is numbered and begins with an imperative, such as "EXPLAIN to the class...", DISTRIBUTE SIS #4...". Following the imperative is a direction and content information, usually bracketed, indicating points to be covered, suggested examples, possible discussion questions, and so on.

7.2 Small Business Simulation Game

The simulation games are an integral part of the curriculum and, like the other teaching strategies, have been developed to meet specific objectives. For ease of use, all game materials are bound separately. Game times are indicated on the curriculum outline and in the Teacher's Manual. Detailed instructions for preparation and administration are given in the game binder. Instructions to be given to the students in class are scripted out and should be read verbatim (scripts are in all caps following the imperative "TELL the class..."). The instructions given in the game guide MUST BE READ CAREFULLY before play begins. To facilitate understanding of game mechanics, it is suggested that the instructor and volunteer players play at least part of the game prior to administration. The instructor should have a calculator available throughout the game. Although this is not absolutely necessary, it will reduce the amount of time needed for review and correction of student materials.

7.3 Evaluations

Sample evaluations are provided for each of the units. These evaluations include sample questions of both an objective and subjective nature. Similar questions could be constructed for use as progress evaluations (tests, quizzes, reviews) as required throughout the curriculum. These additional evaluations and the amount of time they will take should be noted on the curriculum outline.

The instructor should feel free to expand, delete, or change the evaluations to make them more appropriate for his or her students. It should be noted and emphasized, however, that the sample test items relate specifically to the behavioral objectives of each unit and that any changes made should also reflect the behaviors being evaluated.

7.4 Appendices

Included in this Manual are copies of all the Student Information Sheets, a list of references to other materials related to the content of the modules, a glossary of relevant terminology (this should be copied and handed out to the students at the beginning of the course) and an annotated bibliography covering the subject of small business.

7.5 Preparation for the Course

Several weeks before class starts, the entire Manual, including game materials, should be read. A thorough familiarity with the materials will greatly facilitate their use. Films and resource materials should be ordered, speakers contacted, and student information sheets and game materials copied well ahead of the first day of class.

7.6 Resources

The following resources should be available to the students throughout the course:

- Local telephone books
- A set of the following Small Business Administration materials: Management Aids, Starting & Managing Series, Small Marketers Aids, Bibliographies, Technical Aids (obtained through local SBA field offices)
- Set of Bank of America Small Business Reporters (available from Bank of America, Dept. 3120, P.O. Box 37000, San Francisco, CA 94137)

UNIT 1

Module 1.1

TOPIC: What is Small Business? (page 3)

SUMMARY: This module gives the student a brief overview of the many aspects of small business that will be covered in the course.

BEHAVIORAL OBJECTIVES: The student will express the following concepts: (1) People go into small business for many different reasons. (2) Small business involves many tasks and roles.

ESTIMATED TIME: 50 minutes

TEACHING STRATEGIES: Lecture/Discussion and Film

PREPARATION: Obtain the film "What is Business?". (See Unit Overview.)

Prepare copies of SIS #1, "Interviews with Ten Chicago Entrepreneurs", (one per student).

Module 1.2

TOPIC: Planning for Success (page 5)

SUMMARY: A working goal must be measurable, time-related, concrete and attainable. Long-range planning is an essential process for achievement of both business and personal goals. The common approach to planning is to: (1) set goals; (2) develop plans to achieve goals; and (3) assess progress toward goals.

BEHAVIORAL OBJECTIVES: The student will define a working goal.

The student will write a working goal.

The student will recognize a direct relationship between long-range planning and success in small business.

The student will recognize that lead time, efficient use of resources and improved operations are benefits of long-range planning.

ESTIMATED TIME: 60 minutes

TEACHING STRATEGIES: Lecture/Discussion, Class Exercise and Case Study

PREPARATION: Prepare copies of SIS #2 and SIS #3 (one each per student).

Module 1.3

TOPIC: Success and Failure (page 7)

SUMMARY: Success determinants in small business include: (1) persistence, (2) previous business experience, (3) adequate capital resources, (4) managerial know-how (5) personality traits such as determination, seriousness, enthusiasm, dedication, flexibility, imagination and responsibility, (6) realistic goals.

Failure is a result of irrational, erroneous and haphazard decision-making. In particular, undercapitalization, managerial incompetence and personality defects doom an enterprise to failure.

BEHAVIORAL OBJECTIVES: The student will identify the three most common causes of small business failure.

The student will list the necessities for success in small business.

ESTIMATED TIME: 1 hour and 30 minutes

TEACHING STRATEGIES: Lecture/Discussion and Case Studies

PREPARATION: Prepare copies of SIS #4, "A Couple of Kids With a Good Idea"; SIS #5, "Rating Scale"; and SIS #6, "Gould's Specialties" (one each per student).

Module 1.4 (A and B)

TOPIC: Student Interviews of Businesspeople (page 11 and page 12)

SUMMARY: Students interview small business owners/managers in order to familiarize themselves with the many management decisions involved in small business and to compare the goals, background and experience of different small business owners/managers.

BEHAVIORAL OBJECTIVES: The student will list five decisions that a small business owner/manager must make.

ESTIMATED TIME: 40 minutes

TEACHING STRATEGIES: Interviews and Class Discussion

PREPARATION: Prepare copies of SIS #7, "Interview Form" (one per student).

Module 1.5

TOPIC: Small Business Simulation Game 1, Starting a Business (page 13)

SUMMARY: The game assists the students in: (1) synthesizing the principles of small business ownership and management that have been learned in class, and (2) developing decision-making skills by providing an opportunity for them to discover and use a strategy for decision-making. The Starting segment, in particular, emphasizes choosing a location.

BEHAVIORAL OBJECTIVES: After playing the Starting segment, the student should achieve the following objectives:

1. Given a business profile and a list of available sites, the student will select the most appropriate location for the business.
2. Explain and use a decision-making strategy including the following elements: (1) Self-evaluation, (2) Survey, (3) Screening, (4) Selection.
3. List five resources used to find a location for a business in the game.

ESTIMATED TIME: Four 50-minute periods

TEACHING STRATEGY: Simulation Game

PREPARATION: SEE SBSG #1: Guide to Daily Lessons, page 15.

Module 1.6

TOPIC: Student Evaluation (page 14)

SUMMARY: Examples of questions to be used as is or as a guide for developing end-of-unit and progress evaluations are given.

ESTIMATED TIME: 30 minutes

PREPARATION: Either make copies of the evaluation provided (one per student) or develop your own using the sample evaluation and the behavioral objectives of the unit as guidelines.

UNIT 2

Module 2.1

TOPIC: Introduction to Marketing (page 20)

SUMMARY: Marketing is a process of finding out what a consumer needs or wants and providing it. An understanding and application of the marketing process increases the chances of success in small business.

BEHAVIORAL OBJECTIVE: The student will list three examples of marketing and indicate whether they involve product design, pricing, promotion or distribution.

ESTIMATED TIME: 30 minutes

TEACHING STRATEGIES: Lecture/Discussion and Film

PREPARATION: Obtain the film "My Favorite Grocer". (See Unit Overview.)

Module 2.2

TOPIC: The Marketing Concept (page 21)

SUMMARY: A case study is used to illustrate that success in business depends on the ability of a business to satisfy the needs and desires of the consumer.

BEHAVIORAL OBJECTIVE: Given a specific business, the student will write an objective and an example of a marketing strategy that are consistent with the marketing concept.

ESTIMATED TIME: 35 minutes

TEACHING STRATEGIES: Lecture/Discussion and Case Analysis

PREPARATION: Prepare copies of SIS #8, "How to Make a Last-place Product a Banner Success", one per student.

Module 2.3

TOPIC:	The Market: People Plus Money (page 22)
SUMMARY:	A market is defined as people with (1) needs to satisfy, (2) money to spend, and (3) a willingness to spend.
BEHAVIORAL OBJECTIVES:	The student will select the correct definition of a market. The student will identify the reason why discretionary income is an indicator of consumer ability to spend for nonessentials. Given a list of needs, the student will indicate which needs would be satisfied by purchases with subsistence income.
ESTIMATED TIME:	25 minutes
TEACHING STRATEGY:	Lecture/Discussion
PREPARATION:	Prepare copies of SIS #9, "The Market", one per student.

Module 2.4 (A and B)

TOPIC:	Identifying the Consumer (page 24 and page 27)
SUMMARY:	Market segmentation is the process of dividing the total market for a product into smaller submarkets which are uniform with respect to a significant characteristic.
BEHAVIORAL OBJECTIVES:	Given a small business, the student will define its total market and segment it. The student will list two criteria for segmenting a market. The student will identify the reason/s for choosing a target market.
ESTIMATED TIME:	50 minutes
TEACHING STRATEGIES:	Lecture/Discussion and Small Group Project
PREPARATION:	Prepare copies of SIS #10, "Segmenting the Market for Dogs", one per student.

Module 2.5 (A and B)

TOPIC: Marketing Research (page 30 and page 32)

SUMMARY: Marketing research is the tool that helps small business owners/managers define business problems, collect the necessary information, analyze the information, and attempt to solve the problem.

BEHAVIORAL OBJECTIVES: Given a marketing problem for a particular business, the student will recognize the need for marketing research in order to solve the problem.

The student will list at least five formal and informal sources of information used in marketing research.

ESTIMATED TIME: 40 minutes

TEACHING STRATEGIES: Lecture/Discussion and Student Project

PREPARATION: Prepare copies of SIS #11, "The Six Steps of Marketing Research", SIS #12, "Sources of Information", and SIS #13, "Marketing Research Problem for a Sporting Goods Store (one each per student).

Module 2.6

TOPIC: The Marketing Mix: An Introduction (page 33)

SUMMARY: There are four elements of marketing that a small business owner/manager can control and vary to reach his/her market: product, price, promotion and distribution.

BEHAVIORAL OBJECTIVE: The student will select the four elements of marketing that the small business owner/manager can control and vary to better reach his/her market.

ESTIMATED TIME: 5 minutes

TEACHING STRATEGY: Lecture/Discussion

PREPARATION: Prepare copies of SIS #14, "Marketing Mix" (one per student).

Module 2.7

TOPIC: What is a Product? (page 34)

SUMMARY: This module differentiates goods and services and explains that a product is more than just a physical object or a service--it is a whole set of values received by the buyer.

BEHAVIORAL OBJECTIVES: The student will define and give an example of a total product in her/her own words.

Given three products, the student will list one tangible and one intangible feature of each product.

The student will recognize that a business and its product can be customized for maximum appeal to the target market.

ESTIMATED TIME: 30 minutes

TEACHING STRATEGY: Lecture/Discussion

PREPARATION: None

Module 2.8

TOPIC: Goods and Buying Behavior (page 36)

SUMMARY: Depending on the buying behavior of a business' target customers, a product may be classified as a convenience good, a shopping good, an unsought good, or a speciality good.

BEHAVIORAL OBJECTIVES: The student will categorize goods according to the indicated buying behavior of the customer.

The student will match impulse items, emergency goods, and staples with their correct definitions.

ESTIMATED TIME: 15 minutes

TEACHING STRATEGY: Lecture/Discussion

PREPARATION: Prepare copies of SIS #15, "Goods and Buying Behavior" (one per student).

Module 2.9

TOPIC:	Product Line and Product Mix (page 37)
SUMMARY:	Product line is a group of products that have similar uses and physical characteristics. Product mix is the collection of product lines offered by a business.
BEHAVIORAL OBJECTIVES:	Given a description of a business, the student will develop a product line and indicate whether or not it has great depth. The student will recognize whether a product mix has a narrow breadth or a wide breadth.
ESTIMATED TIME:	15 minutes
TEACHING STRATEGY:	Lecture/Discussion
PREPARATION:	Prepare copies of SIS #16, "Product Line and Product Mix", (one per student).

Module 2.10

TOPIC:	Pricing (page 38)
SUMMARY:	A store's pricing policy should be sensitive to the needs of the consumers and should reflect the desired store image.
BEHAVIORAL OBJECTIVES:	The student will select pricing policy as a factor which influences the image of a business. The student will recognize that price is a variable element of the marketing mix. The student will list three characteristics of a good pricing policy. The student will list two of the factors which influence customers' price expectations.
ESTIMATED TIME:	40 minutes
TEACHING STRATEGY:	Lecture/Discussion
PREPARATION:	Prepare copies of SIS #17, "Popular Methods Used in Pricing", (one per student).

Module 2.11

TOPIC: Small Business Simulation Game 1, Running a Business (page 40)

SUMMARY: The game assists the students in (1) synthesizing the principles of small business ownership and management that have been learned in class; and (2) developing decision-making skills by providing an opportunity for them to discover and use a strategy for decision-making. The Running segment, in particular, emphasizes recordkeeping and effect of pricing.

BEHAVIORAL OBJECTIVES: After playing the Running segment, the student should achieve the following objectives:

1. Given the necessary information, the student will determine the best prices (i.e., those which result in the highest gross margin) for three types of products.
2. Explain and use a decision-making strategy including the following elements: (1) Self-evaluation, (2) Survey, (3) Screening, (4) Selection.

After playing the Running segment, the student should be able to express the following concepts:

1. Pricing affects chances of business success.
2. The prices charged by a businessperson affect sales.
3. The most profitable price for an item is determined partly by volume of sales.
4. Profitability of an item can be measured by gross margin--gross sales minus cost of the item.
5. The most profitable markup for one item may be different from the most profitable markup for another.
6. Advertising can be used to improve chances of business success.
7. Records must be kept to know how profitable a business is.

ESTIMATED TIME: Four 50-minute periods

TEACHING STRATEGY: Simulation Game

PREPARATION: See SBSG 1: Guide to Daily Lessons, page 15.

Module 2.12

TOPIC: Techniques of Promotion: An Introduction (page 41)

SUMMARY: Promotion, an element of the marketing mix, involves all the communications between a businessperson and her/his present and prospective customers. There are two main goals of promotion: (1) to create a good business image and (2) to stimulate sales of a product. These goals can be achieved by the effective use of any one or combination of the following techniques of promotion: (1) advertising; (2) sales promotion; (3) personal selling; and (4) public relations. The combination of promotional techniques used by a business is called the promotional blend.

BEHAVIORAL OBJECTIVES: The student will list the two main goals of promotion. In the small business simulation game,

the student will develop an effective promotional campaign using a variety of promotional techniques.

ESTIMATED TIME: 5 minutes

TEACHING STRATEGY: Lecture/Discussion

PREPARATION: None

Module 2.13 (A, B and C)

TOPIC: Advertising (page 41, page 45, and page 46)

SUMMARY: Advertising is a form of promotion which communicates with large numbers of people simultaneously. The advertising media is chosen based on (1) the type of message transmitted; (2) to whom the message is transmitted; (3) where these people are located; and (4) cost. Ad effectiveness can be evaluated by comparing gross margin on sales of advertised products with ad costs.

BEHAVIORAL OBJECTIVES: Given a product, its target market, and an advertising message, the student will select the most appropriate medium to transmit the message and give two reasons for making that choice.

The student will list four examples of advertising.

The student will select a method to determine cost effectiveness of an ad.

Module 2.13 (cont.)

ESTIMATED TIME:	1 hour and 45 minutes
TEACHING STRATEGIES:	Lecture/Discussion, Student Project, Film and Case Study
PREPARATION:	1. Prepare copies of SIS #18, "Advertising Media"; SIS #19, "Advertising"; SIS #20, "Essentials of Good Newspaper Advertising"; SIS #21, "Bonfield's Garage Noted for the Signs It Keeps" (one each per student). 2. Obtain the film, The Advertising Question.

Module 2.14

TOPIC:	Sales Promotion (page 47)
SUMMARY:	Sales promotion is a promotional effort which supplements and coordinates advertising and personal selling by providing selling aids and creating an environment which helps to promote sales.
BEHAVIORAL OBJECTIVES:	The student will explain the function of sales promotion in his/her own words. The student will list three examples of sales promotion for a given business. The student will recognize the best location for display of impulse goods. The student will recognize the best location for display of shopping goods.
ESTIMATED TIME:	40 minutes
TEACHING STRATEGY:	Lecture/Discussion
PREPARATION:	Prepare copies of SIS #22, "Amber Waves of Persuasion" and SIS #23, "Checklist for Interior Arrangement and Display" (one each per student).

Module 2.15

TOPIC: Personal Selling (page 49)

SUMMARY: Personal selling, a promotional technique, involves a face-to-face relationship between the prospective buyer and the seller. Personal selling lends itself to small business promotional needs. It is less expensive than large scale advertising programs; it is an effective form of communication for a concentrated market; it aids the consumer in purchasing goods (which require comparative shopping), and stimulates the purchase of unsought goods (which include new and unfamiliar products). Most importantly, personal selling emphasizes the needs of the individual consumer.

BEHAVIORAL OBJECTIVE: The student will recognize the following points about personal selling: (a) less expensive than large scale advertising, (b) efficient form of communication for a concentrated market, (c) aids consumer in purchasing goods, (d) stimulates sales of unsought goods, (e) emphasizes needs of individual customer.

ESTIMATED TIME: 35 minutes

TEACHING STRATEGIES: Lecture/Discussion (and Role Play)

PREPARATION: Prepare copies of SIS #24, "No Sale", (one per student, unless situation is role played).

Module 2.16

TOPIC: Public Relations (page 51)

SUMMARY: Public relations is the kinship of business with the political, educational, commercial, and charitable life of the community. It is civic-mindedness which creates a desirable company image, promotes customer goodwill, and ultimately affects sales favorably.

BEHAVIORAL OBJECTIVES: The student will select from a list the activities which involve public relations.

The student will list two reasons why public relations benefits small business.

ESTIMATED TIME: 20 minutes

TEACHING STRATEGY: Lecture/Discussion

PREPARATION: None

Module 2.17

TOPIC:	Creating a Promotional Program (page 53)
SUMMARY:	A promotional program is designed to integrate the sales efforts of the four techniques of promotion--advertising, sales promotion, personal selling and public relations. The steps involved in designing a promotional program are: (1) determine promotional objectives, (2) identify target market segments, (3) develop relevant and effective messages to reach these market segments, (4) select appropriate techniques to transmit messages, (5) determine the costs associated with promotional activities and (6) evaluate program effectiveness.
BEHAVIORAL OBJECTIVE:	The student will list, in order, the steps required to develop a promotional program.
ESTIMATED TIME:	20 minutes
TEACHING STRATEGY:	Lecture/Discussion
PREPARATION:	Prepare copies of SIS #25, "Creating a Promotional Program", (one per student).

Module 2.18 (A and B)

TOPIC:	Distribution (page 54 and page 58)
SUMMARY:	Distribution, an element of the Marketing Mix, is a system for getting goods and services from the producer or seller to the intended customer. It involves the physical flow of products (i.e., transportation, warehousing and handling of goods) and the channel by which these products are distributed. A channel of distribution is the path a product takes from the producer to the ultimate consumer; it includes the producer, the middlemen, and the consumer.
BEHAVIORAL OBJECTIVES:	Given a product, the student will trace its distribution channel and give two reasons why that channel length is appropriate. Given a list of businesses, the student will categorize them as manufacturing, wholesale, or retail.
ESTIMATED TIME:	1 hour
TEACHING STRATEGIES:	Lecture/Discussion and Small Group Project

Module 2.18 (cont.)

PREPARATION: Prepare copies of SIS #26, "The Elements of Distribution", SIS #27, "Channels of Distribution", and SIS #28, "Distribution Channel Length", (one each per student).

Module 2.19

TOPIC: The Marketing System (page 60)

SUMMARY: Product, price, promotion, and distribution can be controlled and varied by the small business owner/manager to meet the needs of her/his target customers, but some variables that affect a business cannot be controlled. These are called external variables.

BEHAVIORAL OBJECTIVES: The student will identify the variables that a businessperson can control, and those he or she cannot control.

ESTIMATED TIME: 15 minutes

TEACHING STRATEGY: Lecture/Discussion

PREPARATION: Prepare copies of SIS #29, "Internal and External Variables of Marketing", (one per student).

Module 2.20

TOPIC: Evaluation (page 61)

SUMMARY: Examples of questions to be used as is or as a guide for developing end-of-unit and progress evaluations are given.

ESTIMATED TIME: 50 minutes

PREPARATION: Either make copies of the evaluation provided (one per student) or develop your own using the sample evaluation and the behavioral objectives of the unit as guidelines.

Module 2.21

TOPIC: Small Business Simulation Game 2, Starting a Business (page 70)

SUMMARY: The game assists the student in: (1) synthesizing the principles of small business ownership and management that have been learned in class, and (2) developing planning skills. The Starting segment emphasizes the importance of marketing and financial planning in successful business management.

BEHAVIORAL OBJECTIVES: After playing the Starting segment, the student should achieve the following objectives:

1. Given specific market, advertising, and supplier information about a business and a profile of that business, the student will analyze the information and use it to develop a comprehensive business plan, including marketing, operational, and financial plans.
2. Given a business, the student will develop a promotional program, selecting the most appropriate media to convey a selected business image.

ESTIMATED TIME: Six 50-minute periods

TEACHING STRATEGY: Simulation Game

PREPARATION: See SBSG 2: Guide to Daily Lessons, page 17.

UNIT 3

Module 3.1

TOPIC:	Financial Management Terminology (page 73)
SUMMARY:	An understanding of the terminology of financial management is necessary for successful achievement of the objectives of this unit.
BEHAVIORAL OBJECTIVE:	The student will correctly define and use in the appropriate context the following terms: balance sheet, income statement, owner's equity, assets and categories of assets, liabilities and categories of liabilities, net income, return on investment, sales, cost of sales, gross margin, depreciation, and interest.
ESTIMATED TIME:	35 minutes
TEACHING STRATEGY:	Lecture/Discussion
PREPARATION:	This module is unstructured. Determine ahead of time the best way for your students to reach the above objective.

Module 3.2

TOPIC:	Financing (page 74)
SUMMARY:	Students have an opportunity to prepare questions for presentation to a loan officer.
BEHAVIORAL OBJECTIVE:	Students will list at least five pieces of information necessary when applying for a loan.
ESTIMATED TIME:	Two 50-minute class periods
TEACHING STRATEGY:	Guest Presentation/Discussion
PREPARATION:	Order sample loan application forms (one per student). Arrange for a guest speaker from a lending institution.

Module 3.3

TOPIC: Small Business Simulation Game 2, Running a Business (page 76)

SUMMARY: Running a small business involves the use of financial tools for making decisions in all areas of management. The running segment of SBSG 2 requires that students develop and revise their business plans, keep the financial records that reflect marketing, operational and financial decisions, and analyze these records in terms of the success of their businesses.

BEHAVIORAL OBJECTIVES: The student will correctly complete balance sheets and income statements.

The student will calculate return on investment.

The student will make management decisions and calculate their financial effect on the business.

ESTIMATED TIME: Nine 50-minute periods

TEACHING STRATEGY: Simulation Game

PREPARATION: See SBSG 2: Guide to Daily Lessons, page 17.

Module 3.4

TOPIC: Student Evaluation (page 77)

SUMMARY: Examples of questions to be used as is or as a guide for developing end-of-unit and progress evaluations are given.

ESTIMATED TIME: One 50-minute class period

PREPARATION: Either make copies of the evaluation provided (one per student) or develop your own using the sample evaluation and the behavioral objectives of the unit as guidelines.

UNIT 4

Module 4.1

TOPIC:	Stopping a Business (page 87)
SUMMARY:	Interaction with a guest speaker provides students with the opportunity to learn about the final phase of a business' life cycle.
BEHAVIORAL OBJECTIVE:	The student will decide whether or not to stop a business and justify his/her decision.
ESTIMATED TIME:	Two 50-minute class periods
TEACHING STRATEGY:	Guest Presentation/Discussion
PREPARATION:	Make copies of SIS #30 (one per student). Arrange for a guest speaker who can discuss stopping a business.

Module 4.2

TOPIC:	Moral and Ethical Issues in Small Business (page 89)
SUMMARY:	Students are provided the opportunity to explore and define their own ethical systems; to compare their systems to the laws, ethics, and morals of society as a whole; and to test their systems within a few but relevant hypothetical situations.
BEHAVIORAL OBJECTIVE:	The student will make management decisions and justify them in terms of his/her own ethical and/or moral system.
ESTIMATED TIME:	One 50-minute class period
TEACHING STRATEGY:	Discussion
PREPARATION:	Some of the references listed in the bibliography under the topic "Community Relations and Social Responsibility" could provide additional information that might be useful for this discussion.

Module 4.3

TOPIC: Problem Solving

SUMMARY: Students are introduced to a systematic approach to problem solving.

BEHAVIORAL OBJECTIVE: The student will solve management problems using a formulized method of problem-solving.

ESTIMATED TIME: One 50-minute class period

TEACHING STRATEGY: Class Project

PREPARATION: Read through SIS #31, "Qualitative Problem Solving".

Make copies of SIS #31 (one per student).

Module 4.4

TOPIC: Management Problems (page 92 and page 95)

SUMMARY: The management problem-solving exercises performed by the students serve as an evaluation of their abilities to analyze and synthesize the information they have learned throughout the course.

BEHAVIORAL OBJECTIVES: Given a business profile and supporting financial data and given a list of management problems affecting the business, the student will solve the problems, stating the issues and justifications for the solutions.

ESTIMATED TIME: Two 50-minute class periods

TEACHING STRATEGY: Problem-Solving Exercise (individual project)

PREPARATION: Prepare copies of SIS #'s 32 and 33 (one each per student) and the evaluation checklist (two per student).

Unit 1

THE SIXTEEN HOUR DAY

Overview

Concepts

A small business owner/manager has many different tasks to perform.

Success in small business is related to well thought-out, long-range planning.

Failure in small business is a result of irrational, erroneous and haphazard decision-making.

Resources exist to help the owner/manager perform the tasks involved in starting and running a business.

There are many factors to be considered in choosing a location for a business, some common to all businesses, some specific to particular businesses.

There are many sources of information to be consulted in choosing a location for a business. Among the sources are personal observation, real estate agents, former tenants, neighbors, and the Chamber of Commerce.

Choice of location has a significant effect on chances of business success.

Advertising can be used to improve chances of business success.

Rationale for Teaching Strategies

This unit introduces the student to the broad range of tasks and responsibilities of the small business owner/manager. As the unit title implies, "The Sixteen Hour Day", being one's own boss takes at least twice as much time, energy, and dedication than working for someone else. Through the use of a film, class projects, interviews with businesspeople, and the small business simulation game, the students begin developing the bases for determining the causes of success and failure of small businesses. In addition, these strategies provide an opportunity for the students to get firsthand experience performing some of the tasks of the small business owner/manager.

Estimated Time

Seven 50-minute periods

Unit Preparation

1. Prepare for SBSG 1, Starting segment (see Module 1.5).

2. Obtain the film "What is Business?" from: (see Module 1.1)

   Bryant & Stratton Vocational Aids
   c/o Sandler Institutional Films, Inc.
   1001 N. Poinsetta Place
   Los Angeles, CA 90046

   This is a 10-minute color film released in 1973. Rental fee is $15.00; sale price is $140.00. A synopsis of the film follows.

   > Rod Sterling narrates this well-done short introduction to business, and his narration is like the film itself, not too aggressive, and more suggestive than overloaded with petty facts. The business most frequented in the film is a small hip shop selling leather goods and some clothes. The owner is shown in several types of activity, such as realizing that he cannot both get much leather work done and tend shop at the same time, and hiring another person; seeing that dresses he has purchased are not moving well and deciding to clear them with a sale; and getting a perspective on his business through examination of his accounts. By the end of the film he has been so successful that he and his worker will have to work overtime to get his orders done. The parallel parts of the film dealing with big business deal with the same problems on a larger scale, touching on personnel, advertising, long-range ordering and planning, and even profits, exemplified by a woman receiving a $100 bonus in her paycheck for a useful suggestion. The film follows a pattern of shifting back and forth between the various businesses shown in the film during the narration of a particular concept. The camera work and production are so skillfull that the acting in the film is hardly apparent, and as a result, this film is very believable.

3. Prepare copies of the Glossary (see Module 1.1).

Module 1.1

WHAT IS SMALL BUSINESS?

1. PROJECT THE FILM, "What is Business" (see synopsis in Unit Overview).

2. DISCUSS the film and small business covering the following points.

   - Tasks and roles of the small businessperson (selling, pricing, managing employees, etc.)
   - Possible reasons for starting a small business (Have any of the students considered this as a career choice? If so, what kinds of businesses have they considered?)
   - The risks and rewards students believe are involved in such a venture (relate to film when possible)
   - Small business as a positive career choice (availability, variety, minimum capital investment, ease of entrance, satisfaction, etc.)
   - Student's views on potential for success in small business and/or what it takes to be a success

3. EXPLAIN that this course will give the students a chance to:

   - Increase their awareness of small business as a realistic career choice.
   - Understand the factors that contribute to success and failure in small business.
   - Practice starting and running their own businesses in a simulation game.
   - Talk to people from their community who are running small businesses.

4. EXPLAIN to the students that throughout the course they should keep in mind the following questions: (may be boarded)

   - What does it take?
   - Do I have what it takes?

- What options are available to me?
- What do I want?
- How do I get what I want?
- If I try and fail, what are the consequences?

5. DISTRIBUTE SIS #1, "Interviews with Ten Chicago Entrepreneurs"

   [Define entrepreneur, if necessary. ASK the students to read the SIS noting the following:

   - Why the people went into small business
   - What their expectations are
   - Advice they give
   - Any useful information the students might apply when running their own businesses in the simulation game]

6. DISTRIBUTE the Glossary (see Tab). RECOMMEND to the students that they keep the Glossary throughout the course and refer to it for clarification of terms.

Module 1.2

PLANNING FOR SUCCESS

1. DISCUSS long-range planning as an essential process for success in achievement of both business and personal goals.

   [Some benefits from long-range planning include:

   - Lead Time: Planning allows time to anticipate not only the changes a business will need; e.g., more employees, but also the time required to make the changes.

   - Long-term effects: Planning helps make decisions where there are long-term effects particularly when investments are involved.

   - Efficient use of resources: Because resources are limited (e.g., money, people, time) planning creates a basis for making effective decisions regarding their allocation.

   - Improved operations: Because planning involves making periodic evaluations of the business as a whole, it can expose areas which need improvement.]

2. BOARD*:

   A Common Approach to Planning

   1. Set goals and objectives.
   2. Develop plans to achieve goals.
   3. Assess progress toward goals.

3. DISCUSS the characteristics of working goals.

   [Characteristics are measurability, time-relatedness, concreteness, and attainability. Without these characteristics, a goal is merely a wish.]

4. ELICIT examples of working goals from the students.

   [These may be either personal or business goals. As examples are given, determine whether or not each has the four required characteristics. If not, rework the goal until it does so.]

---

*Imperative used to indicate that information should be written on the chalkboard

5. ASK the students to choose one of their working goals and develop a plan to achieve it. DISTRIBUTE SIS #2 as an example. Remind the students to include in their plans a way to evaluate progress toward their goals.

   [At this point a plan for achieving a personal goal may be more appropriate than an imaginary business.]

6. COLLECT the plans and evaluate them according to the following criteria:

   [Use SIS #2 as a guide.]

   1. Do they include the required steps?
   2. Do they have milestones for measuring progress?
   3. Do they list the risks and obstacles?
   4. Do they include reasonable strategies?

7. RETURN plans to the students with comments.

8. EXPLAIN that small business owners/managers are reluctant to make plans. ASK the students for some possible reasons for this and how this reluctance could be overcome.

   [Possible reasons:

   - Fear: "I don't want to know what's going to happen."
   - Inexactness: "Planning is so inexact that it doesn't seem worth doing. No matter how carefully I plan, things often do not work out according to the plan."
   - Changeability: "I no sooner make a plan than something happens and I have to modify it. Or I have to make a completely new plan."
   - Lack of time and place: "I'm too busy to plan and anyway this place is too distracting."
   - Lack of knowledge: "I don't know how to plan."]

9. DISTRIBUTE SIS #3, "Rocco's Steakplace".

10. ASK the students to read the SIS and look for the factors that contributed to Rocco's success in terms of planning.

Module 1.3

SUCCESS AND FAILURE

1. DISTRIBUTE SIS #4, "A Couple of Kids With a Good Idea".

2. READ the SIS aloud or allow students sufficient time to read it silently.

3. DISCUSS the Eisenbergs and their business, covering the following points:

   a. What were their goals (personal and/or business)?

      [Creative outlet, and challenge of building a business, mainly; profit goal is secondary]

   b. Were their goals realistic (i.e., attainable, time-related, concrete and measurable)? Had they attained their goals?

   c. In the eyes of the owners, bank, and community is the business a success?

   d. How do goal-setting and success relate?

   e. What resources and personal characteristics of the Eisenbergs helped them succeed in their business venture?

      [Determination, originality, expertise, management skills, dedication, realistic expectations, drive and enthusiasm]

4. DISCUSS success determinants.

   a. persistence (stamina and determination)--new business enterprises need time to ascertain the potential volume of business and the financial returns which can be obtained. For many new firms, an initially satisfactory volume of business, generally associated with the novelty of the outlet, is followed by a slump in sales which may prove temporary. Such developments may easily have a depressing effect on the owners and lead them to consider closing their doors. Not having been educated to anticipate such a slump, some owners assume prematurely that their enterprises are failures and give up the struggle.

b. previous business experience--

Work experience as an employee in the same line of business is not positively related to survival as a business owner.

Previous experience as a business owner is advantageous, particularly previous ownership of a business in the same line.

Whether an owner had gained experience through ownership of one or more previous firms does not make any significant difference.

c. adequate capital resources--unless a business is adequately capitalized, it cannot survive, but capital alone cannot insure its success. Other ingredients, such as previous business experience, managerial know-how, hard work, and persistence must also be present.

d. managerial know-how--one of the most important factors in business survival and success. Managerial know-how includes such aspects of the business operation as purchasing, inventory control, pricing, salesmanship, display of merchandise, advertising, credit policies, recordkeeping, control of overhead, and employment practices.

e. personality traits--managerial know-how is all the more valuable if it is supplemented by certain personality traits: determination and tenacity, seriousness and enthusiasm, dedication, flexibility, imagination, responsibility. DISTRIBUTE SIS #5, "Rating Scale" and INSTRUCT the students to rate themselves.

f. realistic expectations--owners who have not been in business before are often unrealistic in their original expectations and goals and lose heart quickly.

5. DISTRIBUTE SIS #6, "Gould's Specialties" (one per student).

6. DIVIDE the class into small groups.

7. INSTRUCT the groups to read the case study and work together to answer the questions at the back of the SIS #6.

8. DISCUSS the students' responses to the questions.

Question 1: Mr. Gould's goals were to escape from his factory job, to have a business that was unusual, and to make a comfortable living.

His most important goal was to escape from his factory job yet make a comfortable living. This goal was not realistic in the sense that Gould's Specialties could not possibly support him because a combination of external factors (location, parking problem, competition of chain stores, limited product line, insufficient market) destined it to failure.

Question 2: Mr. Gould's intelligence, friendly personality, gregariousness, motivation, optimism, sound business practices, experience as a production manager and financial reserves increased his chances of success.

The personal traits which contributed to the failure of his business were his overoptimism (unrealistic expectations), and impatience to start a business. In general, Mr. Gould demonstrated poor decision-making.

Question 3: Personal factors--overoptimism, impatience, faulty decision-making (e.g., there was no market for bulk cookies, the location of the store was bad)

External factors--Mr. Gould was extremely articulate in analyzing the failure of his business, and it seems worthwhile to quote his remarks on this point in full:

> "Gould's Specialities failed for a combination of reasons, but, to put it bluntly, I lost my shirt. Not only were we not making money, we were losing it. As I look back, I can't figure how the dickens I saw a business in selling cookies in the first place. I was fed up with my other work and just wanted a business of my own. The place was for sale and it seemed to me that there was a market for bulk cookies. Now I know better.....
>
> Everything was against us. It never paid from the beginning and just got worse. The location, parking problem, closing of the market down the street, and competition of the chain stores were all factors in the failure. Mostly, however, a cookie specialty store just isn't exactly the best business in the world under any circumstances. People don't eat that many cookies.....
>
> The location hurt me the most. If I had to look around for a place today for the same type of business, I could not find a worse place to open if I tried. All kinds of trucks and cars were always parked in front of the place, and there were too many other grocery stores with package cookies nearby....

Another location might have enabled me to make some money, but I don't think it would have been enough. I realized early that the business would flop, so I began looking for something else. I was lucky to get out as soon as I did before I lost more money. The net profit figures we were trying to get from there were never there to get. We just did not make any money . . .

No amount of capital would really have helped in the long run because the cookie business is no good. You have to sell something besides cookies, but the place I had was too small to expand into other lines. Besides, the competition there in other lines such as groceries was even greater than with cookies."

Mr. Gould's picture of the business and its subsequent failure seems to present a clear and fair evaluation of the reasons leading to its closure.

9. DISCUSS the causes of failure, referring to the case study when possible.

[In general, failure is a result of irrational, erroneous and haphazard decisions. In particular, these errors can be manifested in a number of ways: faulty location, disregard of competition, inadequate capital resources, overindebtedness, inept merchandising policies, careless credit policies, organizational errors. In most instances, the eventual failure can be traced to a combination of such factors, sometimes compounded by deficiencies in the owner him/herself, as expressed in lack of technical know-how, personality defects, or absence of sufficient perseverence in the face of difficulties.

It should not be assumed, however, that all factors are equally important. Overall evaluation suggests that some elements are more basic than others:

1. A comparison of causes for failure with reasons for success shows that certain conditions are more likely to have fatal effects on a business venture than others. Undercapitalization, managerial incompetence, and personality defects appear to doom an enterprise and cannot usually be compensated for by other assets.

2. Although adequate capital and managerial competence are indispensable for survival, they are rarely sufficient in themselves to insure it. They must be supplemented by other factors, such as motivation, hard work, persistence, and flexibility.

3. Finally, there are certain factors whose presence is highly desirable but whose absence is not necessarily fatal. In this category belong such features as a favorable location, good record-keeping, good housekeeping, and advance planning for opening and developing the business. Unlike capital and competence, one or more of these factors can be lacking but can nevertheless be overcome by other elements like hard work, managerial know-how, and positive personality traits.]

Module 1.4A

STUDENT INTERVIEWS OF BUSINESSPEOPLE

1. DISTRIBUTE SIS #7, "Interview Form", one per student.

2. EXPLAIN to the students that they will be using this form to interview business owners in the community. Students may interview alone or with a partner (depending on how many businesspeople you have contacted). ASK the students to read the questionnaire.

3. ASSIGN each individual or pair of individuals a business owner to interview. (You should have previously arranged the interviews with the businesspeople.)

4. EXPLAIN the interview procedure/protocol.

   [Students should conduct the interviews at the business owners' convenience. This can be arranged through telephone contact. Before they begin the interviews, the students should greet the business owner using his/her name, introduce themselves, and explain that they are interviewing for a class on small business ownership and management. If business owners are unwilling to answer any of the questions, students should not pursue them. Owner responses should be recorded by the student(s) on their interview form. When they have completed the interviews, students should thank the owners.]

Module 1.4B

DISCUSSION OF INTERVIEWS

1. DISCUSS the results of the interviews, covering each question.

2. ELICIT a comparison of goals, background, and previous experience. If business owners responded to the question pertaining to success, ASK the students if their perceptions of the owners' success matched the owners' perceptions.

3. DERIVE a list of the management decisions a small business owner/manager must make (what kind of business to open, what to sell, who to sell to, where to locate, how to organize the business, what kind of advertising to use, how often to advertise, how many people to hire, where to get advice).

4. SUMMARIZE decision-making.

5. INTRODUCE SBSG 1, Starting segment. Indicate to the students that the game will give them a chance to role play some of the decision-making demanded of small business owners/managers.

Module 1.5

SMALL BUSINESS SIMULATION GAME 1

STARTING A BUSINESS

[See Teacher's Manual, SBSG 1.]

Module 1.6

EVALUATION

1. List five decisions that a small business owner/manager must make.

   a. *(Use your own judgement to evaluate answers to this*

   b. *question. They could be either general, e.g., create business*

   c. *plans; or specific, e.g., decide how many people to hire.)*

   d. ________________

   e. ________________

2. Define a working goal.

   (Definitions should include the following characteristics: measurability, time-relatedness, concreteness, attainability.)

3. Write an example of a working goal related specifically to an imaginary small business.

   (Examples should have the charactersitics listed above.)

b 4. The three most common causes of failure in small business are:

   a. poor location, personality defects, and no previous business experience

   b. managerial incompetence, personality defects, and undercapitalization

   c. disregard of competition, inept merchandising policies, and over-indebtedness

   d. lack of technical know-how, careless credit policies, undercapitalization

5. List four things necessary for success in small business.

   a. *persistance* *the right personality traits*

   b. *previous business experience* *realistic expectations*

   c. *adequate capital resources*

   d. *managerial know-how*

6. Work experience as an employee in the same line of business is positively related to survival as a business owner. True or False?

   false

7. Some benefits of long-range planning are lead time, efficient use of resources, and improved operations. True or False?

   true

c 8. The major reason that Rocco's Steakplace was more successful than Gould's specialties was because

   a. Rocco chose a better location.

   b. restaurants are generally more successful than specialty stores.

   c. Rocco had a well planned program.

   d. Rocco had more persistance.

   e. Rocco was a college graduate.

9. List five resources you used to find a location for your business in the game.

   a. *(Any of the resources made available during the game*

   b. *are acceptable responses.)*

   c. __________

   d. __________

   e. __________

10. Explain the strategy you used for determining the location of your business in the game and why you used it.

(Evaluate responses using your own discretion.)

Unit 2

THE MARKET IS PEOPLE

Overview

Concepts

The market is people with needs to satisfy, money to spend, and a willingness to spend.

Effective marketing is satisfying the needs and wants of consumers.

A businessperson can vary many marketing factors to better reach his/her market.

Pricing affects chances of business success.

The prices charged by a businessperson affect sales.

The most profitable price for an item is determined partly by volume of sales.

Profitability of an item can be measured by gross margin--gross sales minus cost of the item.

The most profitable markup for one item may be different from the most profitable markup for another.

Advertising can be used to improved chances of business success.

Records must be kept to know how profitable a business is.

There are many factors to be considered in making a business plan and many details to be taken into account.

A business plan should deal with marketing, operational matters, and finances.

A definition and understanding of the market to be served and a plan for reaching that market are especially important elements of a business plan.

A business plan is needed to obtain financing for a business; financiers are concerned with the entire plan, not just the financial part of it.

Rationale for Teaching Strategies

Since most students will have had little or no experience with the terminology, methods, and concepts of marketing, lecture/discussions are used throughout the unit to present this new information. As often as possible, students are required to apply the information immediately following its presentation through case analysis, evaluation of marketing strategies, actual marketing research, and a simulation game.

Estimated Time

Twenty-four 50-minute periods

Unit Preparation

1. Obtain the film "My Favorite Grocer" from: (see Module 2.1)

   Walter J. Klein Company, Ltd.
   Distribution Director
   6301 Carmel Road
   Charlotte, N.C. 28211

   This is a 15-minute color film which was released in 1973. Rental is free. A synopsis follows.

   > In 1957, in Charlotte, North Carolina, a grocery store burned down. The owner/manager gathered his employees together that night and they decided to stick with him. The next day he was selling out of his parking lot, and in three days he had an open-air building set up. Today he is the owner and manager of several grocery stores in Charlotte, and in the film he explains some of what is involved in keeping up with today's customer: efficiency, cost-cutting, modernization, etc. Employee's lack of courtesy to customers and being out of an advertised special are the two things that upset him most. He emphasizes the grocery store's precariousness: it usually operates on a 1% net profit. The film is a contemporary-looking production, well-shot, and does not pound one over the head with its sponsors' products.

2. Prepare for the play of SBSG 1, Running segment (see Module 2.11).

3. Collect information for the marketing research problem (see Module 2.5).

4. Prepare for the play of SBSG 2, Starting segment (see Module 2.21).

5. Obtain the film "The Advertising Question" from: (see Module 2.13)

Small Business Administration
Sales Branch
National Audiovisual Center
GSA
Washington, D.C. 20409

A synopsis of this 13-minute 50-second movie follows.

> Designed to correct some of the misconceptions and change some of the attitudes which many small businessmen display toward advertising. It begins with the introduction of a new small businessman about to open a drug store. He hopes to get by without much advertising other than point-of-sale advertising. A newspaper owner raises the question, "How are you going to get customers into the store?" The values and techniques of advertising are developed in a discussion between the druggist and the newspaper owner, and some business examples are shown to emphasize pertinent points.

Module 2.1

INTRODUCTION TO MARKETING

1. INTRODUCE and DEFINE marketing.

   [Marketing is the process of finding out what a consumer (i.e., customer or buyer) wants or needs and providing it; hopefully, at a profit to the seller. It consists of all the activities involved in getting goods and services from the producer to the consumer; that is, product design, pricing, promotion and distribution.]

2. BOARD and READ ALOUD the definition of marketing.

   [Marketing consists of all the activities involved in satisfying consumers' needs and wants by getting goods and services from the producer to the consumer.]

3. ELICIT examples of marketing.

   [Appropriate responses included anything related to product design, pricing, promotion or distribution.]

4. STRESS the importance of marketing in small business.

   [Marketing is a dynamic and constantly changing process. A business which ceases to fulfill people's needs and wants will not survive (e.g., a business which exclusively sells suits of armor is unlikely to survive because there is currently little need for suits of armor).]

5. INTRODUCE and PROJECT THE FILM, "My Favorite Grocer".

   [This 15-minute movie shows many aspects of marketing which will be dealt with in this unit. A synopsis is given in the unit overview.]

Module 2.2

THE MARKETING CONCEPT: A CASE ANALYSIS

1. DISTRIBUTE SIS #8, "How to Make a Last-Place Product A Banner Success".

2. ASSIGN reading of SIS #8.

   [Allow the students 15 minutes to read the SIS.]

3. EXPLAIN the marketing concept.

   [The marketing concept is characterized by profit-oriented goals achieved by appealing to consumers' needs and wants. It involves putting the consumer first in all marketing decisions. In a competitive environment, a business' success depends on its ability to satisfy consumer wants. In general, a firm that uses the marketing concept will, over time, achieve greater profits than a firm that does not employ that concept.]

4. DISCUSS how the Mets (SIS #8) illustrate the marketing concept.

   [The Mets encouraged attendance, hence profits by: (1) appealing to the fans' sense of nostalgia (i.e., they developed the image of the Old National League; they hired older players; and they played in an old stadium); (2) providing entertainment through audience participation (spotlight groups, Camera Day, Banner Day, etc.) and by highlighting colorful ball personalities, and (3) creating an underdog image (i.e., fans identified with the team and cheered it on).]

5. EXPLAIN how the marketing concept influenced the Mets' success.

   [The Mets' objective (high attendance) and strategy (sell entertainment) were consumer-oriented and thus successful, while the Yankees' objective (to win games) and strategy (concentrate on the team) were company-oriented and thus unsuccessful. It's the sales a business makes, not the products that make it a success.]

6. SUMMARIZE the marketing concept.

   [To be successful, a businessperson must consider the consumers--their needs and desires, likes and dislikes, habits and attitudes--at every stage and level of the business operation.]

Module 2.3

THE MARKET: PEOPLE AND MONEY

1. DISTRIBUTE SIS #9, "The Market", (one per student) and INSTRUCT the students to fill in the definitions of the terms as they are discussed.

2. BOARD and READ the definition of a market.

   [A market is people with: (1) needs to satisfy, (2) money to spend and (3) a willingness to spend.]

3. ASK the students what a need is.

   [Suggested response: A need is the lack of anything that is required, desired, or useful.]

4. DISCUSS and COMPARE survival needs (food, shelter, clothing), psychological needs (status, ethnic identification, emotional security, etc.), and luxuries (TV's, liquor, swimming pools, etc.).

5. ASK the students which needs must be satisfied first.

   [Survival needs must be satisfied first.]

6. DEFINE disposable income. EXPLAIN that this is the money people have to satisfy their needs.

   [disposable income--the money people have after all tax payments are made]

7. BOARD the formula for determining disposable income:

   Income
   - Taxes

   Disposable Income

8. DEFINE subsistence income.

   [The portion of disposable income that is spent on necessities (i.e., food, clothing and shelter) is called subsistence income. Subsistance income is also spent on household utilities, local transportation, insurance and debt payments.]

9. RESTATE and BOARD the definition of subsistence income.

   [Subsistence income--the money available to maintain a reasonable standard of living.]

10. DEFINE discretionary income.

    [The amount of money which can be spent on nonessentials or luxuries is called discretionary income. It is the portion of disposable income available for expenditures over and above those required for fixed commitments (debt repayments, tenant rent, etc.) and essential household needs.]

11. BOARD the formula for deriving discretionary income:

    Disposable Income
    - Subsistence Income

    Discretionary Income

12. DISCUSS the reason why discretionary income is a sensitive indicator of a consumer's ability to purchase nonessentials.

13. STRESS that it is necessary for people to both have money and be willing to spend it for a market to exist.

14. SUMMARIZE the market.

    [The business owner/manager must discover which people have (1) needs for his/her product, (2) money to spend, and (3) the willingness to spend this money to satisfy their needs.]

Module 2.4A

IDENTIFYING THE CONSUMER

1. INTRODUCE market segmentation.

   [Once the businessperson establishes that a market exists for her/his product, she/he must identify those characteristics of the consumers which influence their buying behavior. With this information, the businessperson can design the product to give maximum satisfaction to the consumers.]

2. DEFINE total market and market segmentation.

   [The total market for a product is all the potential buyers of the product.

   Market segmentation is the process of dividing the total market for a product into smaller submarkets. Each submarket must be uniform with respect to a significant characteristic.

   For example: the total market for shampoo is everyone with hair. This market can be segmented into people who have: (1) oily hair, (2) dry hair, (3) normal hair, (4) long hair, (5) treated hair, (6) dandruff, (7) split ends.]

3. BOARD the definition of market segmentation.

   [Market Segmentation--process of dividing the total market for a product into smaller, homogeneous submarkets.]

   DISCUSS the criteria for segmenting markets.

   [In order to segment a market, the characteristics of the segments must be measurable and the data about them accessible.]

4. ELICIT some bases for market segmentation.

   [Example: Segmentation based on geography -- a tire company would market snow tires in Alaska but not in Florida.]

5. BOARD the suggestions.

   [Possible responses: Geography, age, sex, family status and size, special interest, urban/suburban/rural location, income, socio-economic factors, occupation, education, ethnic background.]

6. CLASS EXERCISE in market segmentation

   a. TELL the class:

      Let's suppose that the total market for automobiles is everyone with a driver's license.

   b. ASK the students for examples of segments of the automobile market.

      [Possible responses: Status car owners (Cadillac), farmers (Ford pick-up), environmentally-minded drivers (Mazda), city-dwellers (compact car), large families (station wagon), outdoor enthusiasts (Jeep).]

   c. ASK the students which bases they used to segment the market.

7. DISTRIBUTE SIS #10, "Segmenting the Market for Dogs".

8. DISCUSS the bases used to segment the market for dogs (e.g. the basis of the "children" market segment is age).

9. DEFINE target market and discuss the rationale for choosing a target market.

   [Since a business has limited resources of time and money, it cannot possibly appeal to the total market. The business-person must limit his/her market to a few segments that are most appropriate for his/her business and concentrate on appealing to this market. This is called choosing a target market.

   For example: A beauty shop owner who wants to appeal to a young group of women should probably: (1) have a bright modern shop, (2) hire young beauty operators, (3) know how to cut the most current hairstyles, and (4) locate her/his shop where young women live.]

10. BOARD or READ ALOUD the definition of target market:

    Target Market--a particular segment of the total market of a product toward which the marketing effort is aimed.

11. SUMMARIZE

    [A businessperson must (1) establish that people need her/his product and are willing to buy it; (2) identify the total market and segment it; (3) choose an appropriate target market; (4) define her/his target customers in terms of their demographic, social, cultural and psychological characteristics which influence their buying behavior; and (5) appeal to her/his target customers.]

Module 2.4B

IDENTIFYING THE CONSUMER

1. DIVIDE THE CLASS into six groups.

2. ASSIGN to each group one of the following products for which the market must be segmented in class.

   - Beer
   - Motels
   - Sneakers
   - Bicycles
   - Bluejeans
   - Laundry Service

3. ASK the students to determine: (1) the total market for their product, (2) its market segments and (3) the bases used to segment the market.

   ASK each group to record their results on a sheet of paper.

   [Give the groups 15 minutes to complete the assignment.]

4. DISCUSS the groups' work in class.

   [Questions: (1) What is the total market for the product? (2) What are the segments? (3) What were the bases used?]

   [Possible answers are shown below.]

   - Beer

   Total Market: everyone who drinks alcoholic beverages

   Market Segments: college drinkers (age, occupation)
   beer gourmets (status)
   suburbanites (location or residence)
   sportsmen (sex, special interest)
   blue collar workers (income, social status)
   young singles (marital status, age)

- Motels

  Total Market: anyone who travels

  Market Segments: businesspersons (occupation)
  families (family status and size)
  newlyweds (marital status)
  tourists (activity)
  conventions (special interest)

- Sneakers

  Total Market: anyone with feet

  Market Segments: children (age)
  athletes (special interest, occupation)
  women (sex)
  boaters (special interest)
  tennis players (special interest)
  men (sex)

- Bicycles

  Total Market: almost everyone

  Market Segments: children (age)
  racers (special interest)
  senior citizens (age)
  commuters (activity)
  ecologically-minded people (special interest)
  adults (age)

- Bluejeans

  Total Market: everyone who wears pants

  Market Segments: construction workers (occupation)
  children (age)
  students (age, occupation)
  farmers (occupation)
  men (sex)
  women (sex)
  hikers (special interest)

- Laundry Service

  Total Market: everyone who wants clean clothes

  Market Segments: housewives (sex, occupation, marital status)
  businesspeople (occupation)
  singles (marital status)
  travelers (activity)
  businesses

Module 2.5A

LOOK BEFORE YOU LEAP

1. INTRODUCE marketing research. TELL the class:

   Suppose you want to go into small business after you graduate. Your parents have offered to lend you money for the down payment on a store. You are interested in animals and are considering buying the local pet store that is for sale.

   All you know about the store is its location (a side street of the business district), its current stock (cats, rodents, reptiles, and fish), and the size and appearance of the building (large, well-kept, older building).

2. ASK the students if they would decide to buy the store based on this information.

   ASK the students why they decided as they did.

3. DEFINE and EXPLAIN the need for marketing research.

   [To make a decision or to solve a problem related to business -- in the above case, whether or not the pet store should be bought -- much more information than was given is needed. Marketing research is the tool that helps small business owner/managers define business problems, collect the necessary information, analyze the information and attempt to solve the problem.]

4. ELICIT examples of business decisions which require marketing research. STRESS that marketing research is a method of consulting the consumer.

   [e.g., choosing a location; choosing a target market; designing goods and services according to the consumers' needs; distributing products in a way which takes account of consumers' buying habits; setting the appropriate price for the products; opening, buying, running and stopping a business.]

5. DISTRIBUTE SIS #11, "The Six Steps of Marketing Research (one per student).

6. DISCUSS the six steps of marketing research as the students read them.

7. DISTRIBUTE SIS #12, "Sources of Information" (one per student).

8. EXPLAIN that the sources listed are just some of the formal and informal sources of information available to help solve marketing problems and make marketing decisions.

9. ELICIT some additional sources of information.

10. DISTRIBUTE SIS #13, "Marketing Research Problem for a Sporting Goods Store" (one per student).

11. INSTRUCT the students to read the marketing research problem. ANSWER any questions they might have.

12. ASSIGN the marketing research problem.

    [The students may work in pairs or individually. Have them work outside of class to survey consumers and to contact the local Chamber of Commerce, sporting goods stores and suppliers. This may involve one or two days. Give the students sufficient time in class to get information from newspapers, census books, and material from the National Sporting Goods Association. Provide as many useful resources as possible.]

Module 2.5B

LOOK BEFORE YOU LEAP

1. ASK several students to state and support their decisions about the sporting goods store. In particular, ELICIT their responses to the questions: (1) What is the potential market? (2) What are the consumers' needs? (3) Are their needs being met? (4) Can the market support the business?

2. DISCUSS the students' findings.

Module 2.6

THE MARKETING MIX: AN INTRODUCTION

1. EXPLAIN that there are four elements of marketing which a business can control and vary to reach its market: product, price, promotion, and distribution. The combination of these four inputs is called the marketing mix.

2. DISTRIBUTE SIS #14, "Marketing Mix".

3. DISCUSS each element briefly, referring to the SIS, and EXPLAIN to the students that each element will be dealt with in depth over the next few class periods.

Module 2.7

WHAT IS A PRODUCT?

1. DEFINE product in the broad sense.

   [A product is simply anything that someone is willing to sell and someone is willing to buy. It can be a physical object or a service. For example, the product of a furniture store is furniture and the product of an exterminating company is pest control.]

2. ASK the students to cite examples of goods and services with which they are familiar.

   ASK the students to compare these products [goods vs. services]: (1) clothing and tailoring; (2) food and catering; (3) shoes and shoe repair; (4) cars and taxi service.

3. EXPAND the definition of marketing.

   [In marketing, a product is more than just a physical object or a service. A product consists of a whole set of values received by the buyer. These values satisfy specific consumer needs -- psychological as well as physical.

   For example, a cinnamon-flavored, red-colored toothpaste with whiteners and fluoride would satisfy a child's need for prevention of tooth decay while appealing to his or her taste preferences. This same toothpaste would also satisfy an adult's desire for a prettier smile, sex appeal, and fresher breath.]

4. ASK the students what a gas station sells besides gas and BOARD their responses.

   [Possible answers: A choice of high-test, unleaded or regular gasoline, repairs, service (check oil and water), convenience (open at night), credit (credit cards), "faith and confidence" (trust of the customer in the gas station owner), towing, advice (which grade of oil to use in car), directions, refreshments, windshield cleaning, clean restrooms.]

5. DEFINE and DISCUSS the concept of total product.

   [The combination of all the variable product features elicited in the previous step makes up the total product. The total product is custom-designed to appeal to the target customers.

Example: A restaurant located in a college town. After studying the total market for the restaurant, the owner/manager of the restaurant chooses the student population of the town as his/her target market. Researching the students' buying behavior shows that the students want grill food, fast service, beer and wine, booths, a juke box, and subdued lighting. The businessperson responds to the students' needs by offering the desired menu, services and atmosphere. The product being marketed is then not only prepared food -- it is all the features of the restaurant combined.]

6. DISCUSS the importance of both tangible and intangible features of products.

7. ASK the students to list variable features of products (goods and services).

   [Possible features of goods: (1) physical characteristics (size, color, smell, packaging, uniformity), (2) warranties, (3) guarantees, (4) installation, (5) home delivery, (6) credit, (7) prestige of manufacturer or retailer, (8) price, (9) availability.

   Possible features of services: (1) dependability, (2) appearance and attitude of employees, (3) prestige of firm, (4) rates, (5) hours open, (6) equipment, (7) credit.]

8. SUMMARIZE product design.

   [After choosing a target market, a businessperson designs his/her product to appeal to the target customers. Knowing his/her customers' buying behavior and preferences, a businessperson can vary a multitude of product features to make the product more attractive to the target market.]

Module 2.8

GOODS AND BUYING BEHAVIOR

1. DISTRIBUTE SIS #15, "Goods and Buying Behavior" (one per student).

2. DISCUSS the differences between convenience goods, shopping goods, unsought goods and specialty goods. STRESS that these categories are based on the consumer's buying behavior.

Module 2.9

PRODUCT LINE AND PRODUCT MIX

1. DISTRIBUTE SIS #16, "Product Line and Product Mix", (one per student).

2. DEFINE and DISCUSS product line and product mix.

   [Two important features of products are product line and product mix. Product line is a group of products that have similar uses and physical characteristics. For example, the product lines of a camera store are, broadly, photographic supplies and services. The product lines, photographic supplies and services can be further subdivided into product lines of film, cameras, lenses, darkroom supplies, projectors, film, developing, printing, and portraiture.

   The collection of all these product lines is called product mix when the product lines are offered in one store. Product mix is all the products, which includes both goods and services, offered for sale by a business.]

3. ASK the students what the product mix for a bookstore could be.

   [Books, maps, calendars, posters, records, magazines, stationery, cards, jigsaw puzzles, etc.]

4. DEFINE breadth and depth, illustrating with the example of the previous step.

   [The number of product lines offered by a business is called breadth. If a bookstore only carries books, its breadth is narrow. If a bookstore carries all the product lines just listed, its breadth is wide.

   Depth within the product line refers to the assortment of models offered. The product line, books, can be categorized into reference books, children's books, fiction, mysteries, science fiction, cookbooks, etc. This variety gives the product line depth.]

5. SUMMARIZE product mix, indicating the importance of choosing a product mix with the customer in mind.

Module 2.10

PRICE

1. INTRODUCE the second element of the marketing mix, price.

   [Pricing practices are regulated by legal, trade and market constraints, but the business owner/manager still has enough leeway to vary prices in order to better meet the needs of his/her target customers.]

2. DISCUSS pricing policy as an element of image.

   [A business' basic pricing policy should reflect the image it is trying to create. For example, a steak house which wants to create an elegant and expensive image would not charge the same prices for its food that a steak house catering to families would.]

3. OUTLINE the procedure for designing a pricing policy.

   [The owner/manager should ask these questions: (1) Who are my target customers? (2) How much money do they have? (3) What prices do they expect to pay for the products that I am offering for sale?]

4. DISCUSS the factors which influence the customers' price expectations and the importance of meeting the customers' price expectations.

   [location of the store, quality of the products, convenience and dependability of the products, services offered]

   [Overpricing reduces sales; underpricing reduces profit.]

5. STRESS the importance of a consistent yet flexible pricing policy.

   [The policy should be sensitive to changes in consumer spending habits and easily modified to compensate for competition.

   Consistency in pricing contribututes to the long-range appeal of the store.]

6. DISTRIBUTE SIS #17, "Popular Methods Used In Pricing".

7. DISCUSS the pricing methods described in SIS #17.

8. SUMMARIZE pricing.

   [The best selling price for a product should be cost oriented and market oriented. It should be high enough to cover costs and help make a profit. It should be low enough to attract customers and build sales volume.]

Module 2.11

SMALL BUSINESS SIMULATION GAME 1

RUNNING A BUSINESS

[See Teacher's Manual, SBSG 1.]

Module 2.12

TECHNIQUES OF PROMOTION: AN INTRODUCTION

1. STATE and BOARD the definition of promotion.

   [Promotion, an element of the marketing mix, involves all the communications between a businessperson and her/his present and prospective customers.]

2. STATE and BOARD the goals of promotion.

   [There are two main goals of promotion: (1) to create a good business image and (2) to stimulate sales of a product.]

3. EXPLAIN that the goals of promotion can be achieved by the effective use of any one or a combination of the following techniques of promotion: (1) advertising, (2) sales promotions, (3) personal selling, and (4) public relations.

4. BOARD the techniques of promotion.

   [Techniques of promotion -- advertising, sales promotion, personal selling, and public relations.]

5. DEFINE promotional blend.

   [Promotional blend is the combination of promotional techniques used by a business.]

Module 2.13A

ADVERTISING

1. DEFINE advertising.

   [Advertising is any form of paid, non-personal promotion that has an identifiable sponsor and that usually communicates with large numbers of people at the same time (e.g., T.V. commercials, radio commercials, newspaper and magazine advertisements, flyers).]

2. VERIFY the students' comprehension of the definition of advertising.

   ASK the students if they think a listing in the Yellow Pages is also a form of advertising.

   [Answer: Yes, it is a paid, non-personal promotion that has an identifiable sponsor and communicates with large numbers of people at the same time.]

   ASK the students if they think the salespitch of a car salesperson is a form of advertising.

   [Answer: No, it is personal selling.]

   ASK the students if they think a window display is a form of advertising.

   [Answer: No, it does not communicate with large numbers of people. Window displays are a form of sales promotion.]

3. ELICIT additional examples of advertising.

   [Flyers, direct mailings, bus placards, advertising specialties (e.g., calendars, ashtrays, matches, pens, imprinted with an advertising message), billboards]

4. DISCUSS the reasons for advertising.

   [To attract customers by informing them of your product, persuading them that they need or want the product and should buy it, or reminding customers who were persuaded to buy why they are satisfied with the product.]

5. DISCUSS how to set up an advertising program.

   [Determine (1) the target market you want to reach and (2) how you can best reach it. For example, if your target market is middle-income homemakers, find out where they live, which newspapers they read, which radio stations they listen to. Then if more than one paper or station covers much the same territory, find out circulation and audience figures, comparative cost of advertising per 1,000 before you place any ads.]

6. DISCUSS how to choose media.

   [The advertising medium or media which a businessperson chooses to transmit his/her message depends on (1) the type of message to be transmitted; (2) to whom the message is transmitted; (3) where these people are located; and (4) cost.]

7. DISTRIBUTE SIS #18, "Advertising Media" (one per student).

8. DISCUSS the media in terms of (1) small business cost constraints, (2) the type of message most adaptable to the media, (3) the size and makeup of the target market, (4) flexibility, (5) effectiveness.

   [Possible questions: (1) Which medium would be best suited to advertise an all-you-can-eat special to high school students? A white sale to homemakers? A rock concert? (2) Which medium is best for transmitting ideas (i.e., pollution control, political candidates, cancer checkups, auto safety)? Why? (3) Which medium is best to use for a small trading area? (4) Which medium is most restricted in message length?]

9. DESCRIBE other advertising media available to small business.

   [Television--generally limited to UHF broadcasting because of cost.

   Yellow Pages*--for target customers who know what to buy, but not where to buy it.

   Billboards--particularly suited to advertising products that are of interest to travelers (i.e., restaurants, hotels, cars, gas stations).

   Specialties--tokens of appreciation for patronage and an invitation for further patronage.]

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*Trademark

10. DISCUSS how to judge the effectiveness of an advertising program.

    [Compare gross margin on sales of specific goods advertised with ad costs plus other direct promotion expenses. The greater the difference between the margin and the cost, the more successful the advertising.]

11. EXERCISE in determining ad cost effectiveness. WALK THROUGH the following case:

    Suppose a business runs an ad which costs $175. Store sales during the 3 days following the ad total $4,500. At a gross margin rate of 35 percent, the dollar margin is $1,575. If fixed expenses for the month are $9,000, fixed expenses for 3 days are $1,000 (1/9 of monthly fixed expenses in a month with 27 selling days). Variable expenses are normally 10 percent, or $450 for 3 days. Total expenses for the 3 days are $175 (ad cost), $1,000 (overhead), $450 (variable expenses), or $1,625. With a dollar margin of $1,575, the business has not broken even. The ad must be considered unsuccessful.

12. DISTRIBUTE SIS #19, "Advertising" (one per student), and SIS #20, "Essentials of Good Newspaper Advertising" (one per student).

13. ASSIGN the project for the next class period. EXPLAIN to the students that they can use SIS #20, "Essentials of Good Newspaper Advertising", to help them evaluate the ads' effectiveness.

Module 2.13B

ADVERTISING

1. DISCUSS the advertising project.

[Have several students describe the ads that they have collected. Make sure that they cover these points: (1) the total products being marketed; (2) the target market of the ads; (3) the purpose of the ads (to inform, to persuade or to remind); (4) the ads' effectiveness; (5) the kind of magazine or newspaper the ads might appear in; and (6) a comparison of the ads' effectiveness.]

Module 2.13C

ADVERTISING

1. PROJECT THE FILM, "The Advertising Question".

   [A synopsis of this film is located in the unit overview.]

2. DISCUSS the film.

   [Possible questions:

   - What was the image that the drug store owner was trying to promote?

   - Why isn't word-of-mouth sufficient advertising for promoting that image?

   - Why should the drug store owner advertise frequently?

   - Do you think the drug store owner's idea for an opening promotional campaign (i.e., new store-new babies) is good? Why or why not?

   - What was the newspaper reporter selling besides advertising space? (Appropriate response: his newspaper and the small businessperson's need for advertising)

   - Do you think a small business can be successful without advertising? Why or why not?]

3. DISTRIBUTE SIS #21, "Bonfield's Garage Noted for the Signs It Keeps", (one per student).

4. ASK the students to read the article in class.

5. DISCUSS the article.

   [Possible questions: (1) Are Mr. Bonfield's advertisements effective? (2) How do Mr. Bonfield's unique advertising techniques affect his image and success?]

Module 2.14

SALES PROMOTION

1. DISTRIBUTE SIS #22, "Amber Waves of Persuasion", one per student. Allow students time to read the SIS.

2. DISCUSS Stanley Goodman's definition of sales promotion, i.e., "... provide that extra inch" and "create the appropriate media".

3. EXPAND on that definition.

   [Sales Promotion -- supplements and coordinates advertising and personal selling by providing selling aids and creating an environment which helps to promote sales; a supportive promotional effort; those activities which stimulate consumer purchasing; attracts and holds the attention of potential customers]

4. ELICIT examples of sales promotions from students' experiences.

   [Examples:
   - free checking
   - demonstrations (e.g., vacuum cleaner, test drives, sewing machine classes)
   - window displays
   - trading stamps
   - coupons
   - point-of-purchase displays
   - free gifts
   - all-you-can-eat specials
   - free services (e.g., repair work at laundry, grocery store carry-out, delivery)
   - discounts (e.g., new car, new subscriber)
   - special sales (2-for-1, etc.)
   - free bus service for senior citizens
   - radio station giving out free records, tickets, etc.
   - motel services (kennel, no extra charge for kids under 12, free morning coffee)
   - guarantees, warranties
   - free clinic at plant store
   - community sidewalk sale (with carnival rides, etc.)
   - jukeboxes, pinball machines, in a non-entertainment establishment
   - special events
   - Santa Claus
   - birthday cakes in restaurants
   - free gift-wrapping
   - seasonal banners
   - Park and Shop]

5. ASK the students if any of the sales promotion techniques elicited have ever influenced their buying behavior.

   ASK for examples.

6. DISTRIBUTE SIS #23, "Checklist for Interior Arrangement and Display", one per student.

7. DISCUSS the points on SIS #23.

8. REVIEW the categories of goods (see Module 2.8).

9. DISCUSS the arrangement of goods.

   ASK the students where impulse goods should be located.

   [Impulse goods should be put near the front of the store and interspersed with demand products so that as many people as possible will see them.

   Impulse goods should not be located directly across the aisle from demand items that most customers are looking for because the impulse item may not be seen at all.]

   ASK the students where shopping goods should be located.

   [Shopping goods, that the customer would have in mind before entering the store, should be placed in sections with less traffic that are reached after passing impulse and convenience lines.]

10. DISCUSS the effect of sales promotion, particularly display, on small business sales. POINT OUT the relatively low cost-benefit ratio.

    [Sales promotion is inexpensive and effective if well-designed. For example, in a group of assorted independent stores, 1 out of 4 sales were made because of the way merchandise was presented in displays, according to a survey which the National Retail Merchants Association sponsored.]

11. SUMMARIZE the function of sales promotion.

Module 2.15

PERSONAL SELLING

1. DEFINE and DISCUSS personal selling.

   [Personal selling, a promotional technique, is often the most important element of the promotional blend. It involves a face to face relationship between the prospective buyer and the seller. The salesperson has the responsibility of making a sale that satisfies both the customer and the business and of creating a good image for the business.

   The human element of personal selling gives this technique of promotions advantages over the other techniques (advertising and sales promotion). Salespeople can adapt their sales pitch to the individuals' needs and can answer the customers' questions or demonstrate the product. The disadvantage of using personal selling is the difficulty and expensiveness of training qualified salespeople.]

2. BOARD and READ ALOUD the definition of a good salesperson:

   A good salesperson must: (1) be responsive to the needs of the customer, (2) be familiar with the products, and (3) create the appropriate image for the business.

3. ASK the students if they can think of a store they dislike doing business with because of the behavior of the salespeople.

4. OUTLINE the five basic steps of selling.

   [If a customer enters a business knowing exactly what he/she wants to buy and intending to buy it, there is little for the salesperson to do other than direct him/her to the product and complete the transaction. However, if a customer is undecided, the salesperson must follow the five basic steps of selling. First, greet the customer. Second, discover the customer's needs and wants. Third, present the product and help the customer examine it. Fourth, answer questions and handle objections. Fifth, close the sale. Each step must be performed with politeness, patience and truthfulness.]

5. HAND OUT SIS #24, "No Sale", (one per student, unless the sequence is role played).

6. ASSIGN the reading of the SIS in class.

   ALTERNATE STRATEGY: ASSIGN two people to role play the situation.

7. DISCUSS the salesperson's selling behavior.

   [Was she responsive to the needs of the customer? Did she follow the five steps of selling? Was she polite, patient, and truthful? Did she project a good image of the business?]

8. ASK the students if they think the manager has lost a customer. If so, how should he/she regain the customer?

   ASK the students how they would deal with the employee to improve her performance.

9. SUMMARIZE personal selling.

   [Personal selling lends itself to small business promotional needs. It is less expensive than large scale advertising programs; it is an effective form of communication for a concentrated market; it aids the consumer in purchasing goods (which require comparative shopping); and it stimulates the purchase of unsought goods (which include new and unfamiliar products). Most importantly, personal selling emphasizes the needs of the individual consumer.]

Module 2.16

PUBLIC RELATIONS

1. DEFINE public relations.

   [Public relations--the kinship of business with the political, educational, commercial, and charitable life of the community; civic-mindedness which creates a desirable company image, promotes customer goodwill, and ultimately affects sales favorably.]

2. DISCUSS how public relations affects sales favorably.

   [What is good for the community is good for business. It is good business in the short range because people like to deal with firms that are community-conscious and assume their rightful share of responsibility for the future of the whole community. It is good business because the company that is dynamically interested in a community, that is productive in its development, will have far less internal and external problems than one whose only interest is its customers' dollars.

   This concept of the mutuality of business and community interest takes on added importance when considered over the long-range. If a business is to prosper, so must the community in which it is located. As the educational and income level of the community rises, and as the community grows and attracts other industries to the area, so will the potential for business growth increase accordingly.]

3. ELICIT examples of public relations activities which are open to small business.

   [Examples: (1) make charitable contributions; (2) participate in community fund raising drives (Red Cross, Community Chest); (3) offer on-the-job training and summer employment for local students; (4) run community-oriented institutional advertisements in the local newspaper; (5) sponsor "Little League" baseball teams; (6) sponsor blood donor programs; (7) participate in PTA; (8) sponsor activities in the fields of fire protection, noise abatement, accident prevention; (9) support local politicians; (10) sponsor cultural activities such as "little theater" groups; (11) join the Chamber of Commerce; (12) lead charity drives.]

4. SUMMARIZE public relations, stressing that community relations should not be used as a tool merely for increasing profits.

   [If a company representative becomes known as using his/her community-organization contacts solely to promote sales, he/she will be resented and his/her company resented. But for those who approach community relations without any immediate thought of direct sales promotion, it is a rich source of the goodwill that produces sales.]

Module 2.17

CREATING A PROMOTIONAL PROGRAM

1. EXPLAIN the reasons for developing a promotional program.

    [A well planned, coordinated and continuous promotional program is vital to the success of all small businesses. Without it, customers will be lost and sales will decline. A promotional program is designed to integrate the sales efforts of the four techniques of promotion -- advertising, sales promotion, personal selling and public relations. For example, if a particular sale item is advertised in the newspaper, display counters are designed to bring customer attention to the advertised item and salespeople concentrate on selling that item.]

2. DISTRIBUTE SIS #25, "Creating a Promotional Program", one per student.

3. DISCUSS the steps required to create a promotional program as listed on SIS #25.

4. SUMMARIZE promotional program design.

    [The consumer and his/her needs are at the heart of promotional program design. Through promotion, a business owner/manager must build an image that appeals to his/her customers and use a promotional blend to which they will respond.]

Module 2.18A

DISTRIBUTION

1. DEFINE distribution and channel of distribution.

   [Distribution, an element of the Marketing Mix, is a system for getting goods and services from the producer or seller to the intended customer. It involves the physical flow of products (i.e., transportation, warehousing and handling of goods) and the channel by which these products are distributed. A channel of distribution is the path a product takes from the producer to the ultimate consumer; it includes the producer, the middlemen, and the consumer.]

2. DEFINE middleman.

   [A middleman is an independent businessperson between the producer and consumer who helps move the product from the producer to the consumer. There are two types of middlemen -- wholesalers and retailers.]

3. DISTRIBUTE SIS #26, "The Elements of Distribution", one per student.

4. DEFINE wholesaler.

   [A wholesaler is a middleman who buys products from the producer and sells them to retailers, institutions, industries and government agencies. A wholesaler does not sell in significant amounts directly to the ultimate consumer.

   Example of wholesalers are: (1) an industrial supply house that sells office furniture to companies; (2) a medical supply house that sells drugs to drug stores, pharmacists and doctors; and (3) a laundry that only services restaurants, hotels and hospitals.]

5. ASK the students if they are familiar with any other kinds of wholesalers.

6. DEFINE retailer.

   [A retailer is a middleman who sells directly to the consumer. Retailers usually buy products in large lots from a manufacturer or wholesaler and sell them to customers in small individual sales. For example, the owner of an automotive equipment store might buy cases of oil from the producer or a wholesaler, then sell individaul cans to his/her customers.

Most businesses in the U.S. are retail businesses. Restaurants, clothing stores, gas stations, drug stores and shoe repair stores are all examples of retail businesses.]

7. ASK the students to give examples of retail businesses in their neighborhoods.

8. EXPLAIN that a distribution system must be designed to appeal to the target customer and that the channel of distribution for a product must fit the product and the buying behavior of the target customer.

9. DISCUSS the considerations taken in choosing a channel of distribution.

   [• Who buys the products?
   - Where do they buy them?
   - How do they buy them? (in single lots, by the dozen)
   - When do they buy them? (weekly, monthly)
   - Are my ultimate product users satisfied in buying through present channels?

   Such questions can be answered from an analysis of orders. Warranty cards returned by purchasers provide another way to determine where and when they bought the product. If distributors are used, they can provide information. Trade associations, trade journals, and Census and other Government publications can also provide helpful information: shifts in population, population characteristics, sales concentrations, customer preferences, income data, and so on.]

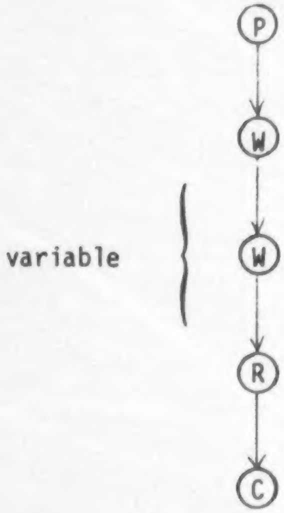
10. DISTRIBUTE SIS #27, "Channels of Distribution", one per student.

11. DESCRIBE the products and target markets for which a long channel of distribution is appropriate.

   [If a product is small, inexpensive, bought in small amounts and considered a convenience good by the target customers, it is often distributed through a long channel of distribution. Usually a long channel is used to reach a large number of consumers. Examples of products having long distribution channels are soft drinks, light bulbs and bobby pins.]

12. BOARD a diagram of a long channel of distribution.

Long Channel of Distribution



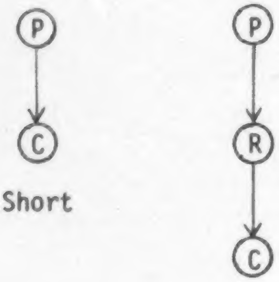
P = producer
W = wholesaler
R = retailer
C = consumer

13. DESCRIBE the products and target markets for which a short channel of distribution is appropriate.

[When the target market is only a small number of consumers, a short channel of distribution is better to use. Normally a short channel of distribution is used for products that are bulky, heavy, or perishable. A short channel is often used when target customers are located in one or a few geographic locations. There are few or no middlemen involved in a short channel of distribution.]

14. BOARD diagrams of short and medium-short channels of distribution.

Short Channels of Distribution



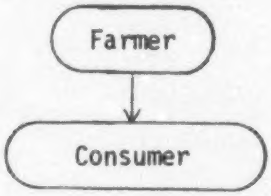
Short

Medium-Short

15. TELL the class:

A local farmer who sells her or his produce on a roadside stand would be using a short channel of distribution. A short channel is good, in this case, because the product is perishable.

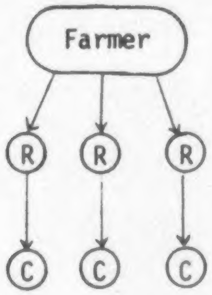
16. BOARD:



17. TELL the class:

The farmer could also sell her or his produce to three local grocery stores. This would be a medium-short channel of distribution

18. BOARD:



19. SUMMARIZE

[In a changing world, distribution channels can lose their effectiveness. Consumer buying habits may change; new competition may develop; company objectives may be altered. As a result, what were once considered the most effective channels of distribution can become totally inadequate. Therefore, they should be checked periodically even though facts about channel effectiveness are difficult to obtain.]

Module 2.18B

DISTRIBUTION

1. DIVIDE THE CLASS into groups of five or six students.

2. DISTRIBUTE SIS #28, "Distribution Channel Length" (one per student).

3. INSTRUCT each group to trace the channel of distribution for each of these products (i.e., a package of Winston* Cigarettes, a VW Beetle*, and a McDonald's* Hamburger) and give the reasons why each product is particularly suited to its channel of distribution.

   [Give the class 15 minutes to trace the distribution channels.]

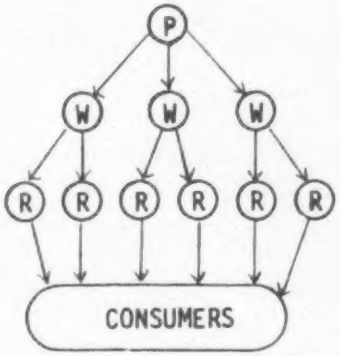
4. DISCUSS the groups' work.

   [Select several groups to present their decisions.]

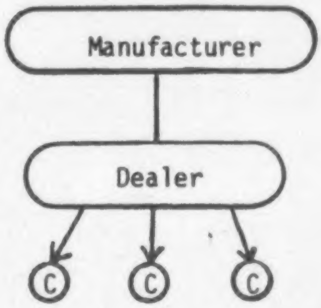
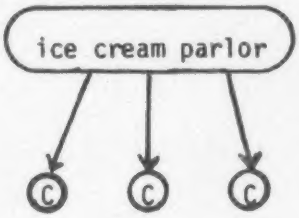
5. BOARD the decisions.

   Suggested answers:

	PRODUCT	CORRECT CHANNEL LENGTH	REASONS
(1)	package of cigarettes	long	• many customers • widespread market • small • inexpensive • convenience good • bought in small amounts



* Trademark

	PRODUCT	CORRECT CHANNEL LENGTH	REASONS
(2)	automobile  Manufacturer Dealer C C C	medium-short	● bulky, hard to transport ● servicing required ● customers will travel fairly long distances to buy product ● considered a shopping good
(3)	hand-dipped ice cream cone  ice cream parlor C C C	short	● perishable ● lots of local customers

Module 2.19

THE MARKETING SYSTEM

1. DISTRIBUTE SIS #29, "Internal and External Variables of Marketing".

2. EXPLAIN to the students that there are some elements of the marketing system that a small business owner/manager can't control.

   [Product, price, promotion, and distribution can be controlled and varied by the small business owner/manager to meet the needs of her/his target customers, but some variables that affect a business cannot be controlled. These are called external variables.]

3. READ ALOUD and DISCUSS the list of external variables on SIS #29, "Internal and External Variables of Marketing".

4. SUMMARIZE

   [A small business owner/manager needs to determine which external and internal variables are important to his or her business and which are not. Since most external variables are uncontrollable, (i.e., competition, the customer), the small business owner/manager should concentrate his or her energies and efforts on those variables that can be controlled (i.e., the marketing mix).]

Module 2.20

EVALUATION

True and False

Indicate whether the statements below are true or false.

_T_ 1. Profitability of an item can be measured by gross margin.

_F_ 2. Impulse goods should be located directly across the aisle from demand items.

_T_ 3. Personal selling is less expensive than a large scale advertising program.

_F_ 4. Personal selling communicates with large numbers of people at the same time.

_F_ 5. The most profitable price for an item is determined entirely by volume of sales.

_F_ 6. The function of personal selling is to attract and hold the attention of potential buyers.

_T_ 7. A hot dog vendor's product mix is most likely to be of narrow breadth.

_T_ 8. Shopping goods should be placed in sections that are reached after passing impulse and convenience items.

_T_ 9. Personal selling aids the consumer in purchasing shopping goods.

_T_ 10. Personal selling emphasizes the needs of the individual consumer.

Multiple Choice

_e_ 11. Which item below best defines "market"?

a. people with needs and wants

b. the segments of a population that are willing to purchase a product

c. people who have a discretionary income

d. consumer-oriented selling strategy

e. people with needs to satisfy, money to spend and a willingness to spend a 12. You own and manage a men's clothing store. A salesperson for a major clothing manufacturer has asked you to start carrying his line of products. What is the best tool to help you decide whether to carry his brand of clothes?

a. marketing research

b. market segmentation

c. financial analysis

d. advertising

d 13. Which of the following is the most appropriate method for determining cost effectiveness of an ad?

a. Comparing total sales of the advertised product to the cost of the ad.

b. Determining the increase in numbers of customers resulting from the ad.

c. Comparing net income before use of the ad with net income during its use.

d. Comparing gross margin of the advertised goods with the cost of the ad.

c 14. Discretionary income is a good indicator of consumer ability to spend on nonessentials. Why?

a. It is the amount of money available to maintain a reasonable standard of living.

b. It is the money remaining after all tax payments are made.

c. It is the portion of disposable income available for expenditures after fixed commitments are met.

d. It is the portion of gross income available to satisfy survival and psychological needs.

15. The portion of disposable income called subsistence income would be spent to satisfy which of the following needs? Check your choice(s).

☐ emotional security
☐ vacation
☑ automobile insurance
☐ a flower arrangement
☐ sailboat
☐ college
☑ shoes
☑ dental care

16. The marketing mix is a term used to describe the elements that a business can control and vary to reach its market. Check the elements of the marketing mix.

☑ product
☐ market demand
☑ price
☑ distribution
☑ promotion
☐ competition
☐ tax laws
☐ technology

17. Check the item(s) which contributes to the image of small businesses.

☑ pricing policy
☑ location
☑ product mix
☐ current ratio
☑ salespeople
☑ customer credit

18. Check the variables that a small business owner/manager cannot control.

☑ wage-price freeze
☐ price
☑ competition
☐ image
☑ employee minimum wage
☑ weather
☐ product mix
☑ consumerism

19. Which activity involves small business public relations? Check your choice(s).

☑ lead a charity drive
☐ send out circulars
☐ mark down prices
☐ provide free delivery
☑ sponsor a softball team
☐ offer customer credit
☑ participate in a cooperative education program

Matching

20. Match the following with their definitions.

1. ___b___ impulse items
2. ___d___ emergency goods
3. ___a___ staples

a. items used regularly by a customer
b. goods a customer hadn't planned to purchase
c. items that are new on the market
d. items unexpectedly needed
e. expensive items worth comparative shopping

21. Are these products convenience goods, shopping goods, unsought goods, or specialty goods?

Product	Category
a. Arnold Dorman smokes nothing but Winston cigarettes.	*speciality good*
b. Polly Motley compares prices of skis before she makes a purchase.	*shopping good*
c. Roger Stevens buys a newspaper at the grocery store on Sunday morning.	*convenience good*
d. Jose Manuel has never seen or used a microwave oven.	*unsought good*

22. Categorize the businesses listed below as manufacturing, wholesale, or retail. Some businesses may be more than one type of business.

M = manufacturing*
W = wholesale
R = retail (service or goods)

R tuxedo rental store

W electrical supply store

M&W Columbia records

R drugstore

W hotel supply company

R pet store

M tool and die company

R insurance agency

M box and container company

R carpet store

**Many manufacturing businesses also deal in wholesale.*

Short Answer

23. List 3 examples of marketing and indicate after each, whether they involve product design, pricing, promotion, or distribution.

Example — Product, Price, Promotion, Distribution

1. *(There are many appropriate responses possible. Use the Teacher's*
2. *Manual as a guide for evaluating their correctness.)*
3. __________

24. List two factors which influence customers' price expectations.

a. *location of business, services offered, product quality,*

b. *convenience, dependability of products, etc.*

25. List, in order, the steps required for creating a promotional program.

First: *Determine promotional objectives.*

Second : *Identify target market segments.*

Third: *Develop relevant and effective messages.*

Fourth: *Select appropriate techniques to transmit message.*

Fifth: *Determine costs of promotional activities.*

Sixth: *Evaluate program effectiveness.*

26. List four forms or media of advertising.

a. *(Any of the media listed on SIS*

b. *#18 would be correct. Use your*

c. *judgement to evaluate any others.)*

d. __________

27. List the two main goals of promotion.

a. *to create a good business image*

b. *to stimulate sales of a product*

28. List five formal and informal sources of information used in marketing research.

a. *(Use the information on SIS #12 to evaluate the responses.)*

b. ______

c. ______

d. ______

29. List three characteristics of a good pricing policy.

a. *flexible (sensitive to changes in consumer spending and competition)*

b. *consistent* ______ *meets the customers' expectations*

c. *reflect the desired image*

30. List three examples of sales promotion that a movie theater might use.

a. *(Any of the examples listed in Module 2.14 would be correct.*

b. *Use your own judgement to evaluate any others.)*

c. ______

31. List two reasons why public relations benefits small business.

a. *(Responses should indicate that the student understands the concept of the mutuality of business and community*

b. *interest.)*

______

32. List one tangible (physical) feature and one intangible (psychological) feature for 3 of the products given below. Choose only 3 of the 6.

	tangible	intangible
a. candy bar	*sweet*	*pacification*
b. dandruff shampoo	*dandruff control* *clean hair*	*confidence* *beauty*
c. cold water detergent	*clean clothes*	*pride*
d. 10-speed bicycle	*center pull brakes*	*status*
e. dry cat food	*nutritious*	*love* *convenience*
f. diet cola	*low calorie*	*beauty*

NOTE: Many appropriate responses are possible. Use the above examples only as guidelines.

33. Explain the function of sales promotion as it relates to advertising and personal selling.

Sales promotion supplements and coordinates advertising and personal selling by providing selling aids and creating an environment which helps to promote sales.

34. In the game, how did you customize your business for maximum appeal to your target market?

(Responses should be related to the factors influencing the image of the business. These could also include promotional events and services related specifically to the target market.)

35. Define and give an example of a total product.

(Use the examples in Module 2.7 as guidelines to evaluate the responses.)

36. You are the manager of a small mobile home park. You are currently expanding to provide facilities for overnight campers.

    a. How would you advertise your new service?

    (Example such as advertising in travel guides, radio, billboards, etc., would be appropriate. Evaluate responses according to their strength of appeal to the target market.)

    b. Why did you choose this medium/media?

    (Responses should indicate that students understand what their target market is.)

37. You are the owner and manager of a bakery.

    a. Describe your product line by giving examples.

    (Examples given should indicate an understanding of the definition of product line.)

    b. Does your product line have great depth?

    (Use criteria given in Module 2.9 to evaluate responses.)

38. You are the owner of a plant store.

    a. Define and segment its total market and choose a target market.

    (Use your judgment and the information in Module 2.4 to evaluate responses.)

    b. List the criteria you used to segment your market.

    (Criteria should relate specifically to the chosen target market.)

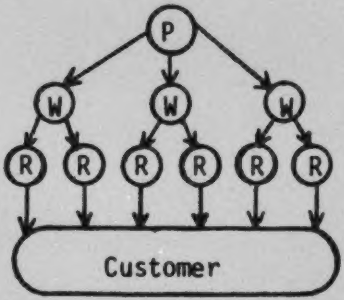
c. Why is it necessary to choose a specific target market?

(Responses should indicate students understand that by isolating a specific target market they can identify those characteristics of the consumers which influence their buying behavior.)

39. a. Trace the distribution channel length for a roll of film.

P = producer
W = wholesaler
R = retailer
C = customer

Channel should be long; perhaps,



b. Give two reasons why this distribution channel length is appropriate.

1. *There are many customers; the market is widespread.*
2. *The good is small, inexpensive, bought in small amounts and is considered a convenience good.*

40. Becky Rocchio owns a canoe rental service on the Ramacoochi River. Write a marketing objective and an example of a marketing strategy. Justify them in terms of the marketing concept and their effect on the success of her business.

Objective: *(Objective should be consumer-oriented.)*

Strategy: *(Evaluate on the basis of the objective; should be realistic.)*

Justification: *(Use your own judgment to evaluate responses.)*

Module 2.21

SMALL BUSINESS SIMULATION GAME 2

STARTING A BUSINESS

[See Teacher's Manual, SBSG 2]

Unit 3

DOLLARS AND DECISIONS

Overview

Concepts

The records kept by a business are used by the small business owner/manager in decision-making.

Periodic analysis and interpretation of financial information permits goal readjustment.

Lack of accurate recordkeeping can lead to failure of small businesses.

Continuous planning and revision of earlier plans is necessary in running a business, because the situation in which the business operates is always changing.

A well thought out and appropriate business plan will increase sales and long term profit prospects.

Profit is influenced by sales and business expenses and can be increased by either increasing sales or decreasing expenses.

Return on investment is an important measure of a business' profitability; it is calculated by dividing Net Profit or Loss for the period by Tangible Owner's Equity at the end of the period.

A business is not operated in isolation; it is part of two communities: the business community and the surrounding residential community.

A business can have an effect on the community in which it is located through participation in community organizations.

The benefits of membership in community and trade organizations usually outweigh the cost of membership dues.

The benefits of each expenditure for community participation should be weighed before the expenditure is made; some types of community participation are more valuable than others.

Rationale for Teaching Strategies

Other than a discussion of the terminology related to financial management and a presentation by a Loan Officer, the major teaching strategy used in this unit is the small business simulation game.

During this unit, the students will be running the businesses they started in Unit 2. The decisions they make regarding their businesses will be based largely on their financial status. Students will fill out Profit and Loss Statements, Balance Sheets, and calculate return on investment ratios. The intent of this unit is not to teach the intricacies of accounting principles and methodologies, but rather to give the student a chance to become familiar with some of the more commonly used financial tools. Not using or misusing financial information in management decision-making is one of the major causes of failure of small businesses.

Since for most students the terminology of financial management will be relatively new, it is important that some discussion and clarification take place before the game begins. In addition to the SBA booklets relating to financial management, the following sources are recommended as background information for instructors and for use by those students who need or want a more in-depth presentation of the principles and methods of accounting.

Instructors

Anthony, R.N., and J.S. Reece. Management Accounting: Test and Cases, Homewood, Ill.: Richard D. Irwin, Inc., 1975. (Chapters 1, 2, 3 and 12 are particularly relevant.)

Students

Anthony, R.N., and M.L. Israel. Essentials of Accounting, Reading, Mass.: Addison-Wesley Publishing Company, Inc., 1966.

Davidson, Sidney, and William L. Ventolo. Principles of Accounting, Chicago, Ill.: Educational Methods, Inc., 1967.

[Your business education department may be able to recommend other texts.]

Estimated Time

Fourteen 50-minute class periods

Unit Preparation

1. Obtain sample loan applications from SBA and other lending institutions (one per student if possible).
2. Arrange for a guest speaker from a local lending institution.
3. Prepare for the play of SBSG 2, Running segment (see Module 3.3).
4. Prepare progress and end-of-unit evaluations (see sample evaluation, Module 3.4).

Module 3.1

FINANCIAL MANAGEMENT TERMINOLOGY

1. DISCUSS objectives of this unit (see Curriculum Outline)

2. REVIEW the following terms. [An understanding of these terms is necessary for successful achievement of the objectives of the unit. Definitions are in the glossary.]

   - Balance Sheet
   - Income Statement (Profit and Loss Statement)
   - Owner's Equity
   - Assets and Categories of Assets
   - Liabilities and Categories of Liabilities
   - Net Income
   - Return on Investment
   - Sales, Cost of Sales, Gross Margin
   - Depreciation
   - Interest

   [In addition, other terms listed in the glossary may or may not be encountered during discussion and readings related to financial management. Familiarity with these terms will give the student a basis on which to go beyond the stated objectives of this unit.]

Module 3.2

FINANCING

[Before presentation]

1. EXPLAIN to the class that you have invited a loan officer (his/her name & association) to come and talk to them about financing.

2. DISTRIBUTE the blank loan application forms.

3. ASK the students to look over the forms carefully and to begin formulating questions to pose to the loan officer. ANSWER any questions the students may have regarding the form.

4. ASK the students for questions they will ask the speaker. BOARD them or write them down.

   [Possible questions:

   - What people get loans to start a business?
   - What options are available, other then your institution?
   - What happens if you can't meet payments?
   - Do most owners or managers get loans for starting a business or during the running phase?
   - What causes interest rates to change?
   - Once you get a loan, can the interest rate change on it?
   - How do loan officers interpret applications and records?
   - What is the most important factor in getting a loan?
   - What else do you do for your customers?
   - Where do you get credit ratings?
   - Can a person change a bad credit rating to a good one?
   - Does the kind of business you start affect whether or not you get a loan?
   - What do you accept as collateral?
   - What happens if you go bankrupt?
   - What is the best measurement for good management?
   - Do you use ratio analysis?

[Words that have not yet been covered should be defined for the purposes of this exercise: particularly credit, interest, working capital, collateral, and cash flow. See the Glossary for definitions.]

5. DISTRIBUTE the questions to the students. EXPLAIN that they will be responsible for asking their own questions and recording the responses.

   [Record the questions posed and give them to the speaker before his or her presentation.]

[The Presentation]

6. INTRODUCE the speaker

   [Allow enough time for questions and answers at the end of the presentation.]

Module 3.3

SMALL BUSINESS SIMULATION GAME 2

RUNNING A BUSINESS

[See Teacher's Manual, SBSG 2.]

Module 3.4

EVALUATION

Part A

Malcolm Seymore borrowed $21,000 at an annual interest rate of 4% from a savings and loan company in order to start a small tire store. He also managed to talk his best friend Harold Englewood into lending him an additional $6,000 at 3% annually. Both loans were expected due in three years. Malcolm felt that this money plus $12,000 he had saved would more than cover the initial cost of starting his business.

Prior to getting these loans, Malcolm had decided to buy, rather than rent, a building to house his store. In addition to his own $12,000, he took out a mortgage of $15,000 to cover the cost of the building and land (the building was valued at $20,000 and the land at $7,000). The interest on his mortgage was 5% per year. The building he bought had been a tire store previously.

During his first year of business, Malcolm bought $5,000 worth of equipment and $30,000 worth of tires and supplies. At the end of the year, he still owed his wholesalers $2,000. In addition he owed his employees (both part-time) and the government $1,500. He had payed off $7,000 to the Savings and Loan Company and $2,000 to Harold. His mortgage payments for the year were $1,200. Malcolm figured his depreciation on the building and equipment at $1,000. When he checked his customer accounts, he found that they owed him $1,000. He also had $4,000 in the store checking account.

Malcolm's records showed that his total sales on tires and supplies for the year came to $50,000. In addition, he brought in $3,000 in other revenue by providing consulting services to local car dealers. Malcolm paid $15,000 in wages, but did not take a salary for himself. Other expenses for the year included $2,000 for advertising, $200 for insurance, and $500 for miscellaneous (office supplies, etc.). The only other expense incurred was $250 for bad debts. His inventory on hand at the end of the year came to $20,000.

Using the attached forms, create a balance sheet and Profit and Loss Statement for Malcolm's Store as of the end of year #1.

Profit & Loss Statement

Sales ________

Cost of Goods Sold (-)____________

Gross Margin ________

Other Revenue (+)____________

TOTAL REVENUE ________

Expenses (list)

Salaries and Wages ________

Advertising ________

Insurance ________

Miscellaneous ________

Interest ________

Bad debts (+)____________

TOTAL EXPENSES ________

NET INCOME (PROFIT OR LOSS) ________

ANSWER SHEET

Profit & Loss Statement

Sales	$ 50,000	
Cost of Goods Sold	30,000	
Gross Margin	20,000	
Other Revenue	3,000	
TOTAL REVENUE		23,000
Expenses (list)		
Salaries and Wages	15,000	
Advertising	2,000	
Insurance	200	
Miscellaneous	500	
Interest	1,770	
Bad debts	250	
TOTAL EXPENSES		19,720
NET INCOME (PROFIT OR LOSS)		3,280

ASSETS

Current Assets

Cash ______

Accounts Receivable ______

Inventory ______

TOTAL ______

Fixed Assets

Land ______

Building ______

Equipment ______

Less depreciation ______

TOTAL ______

TOTAL ASSETS ______

LIABILITIES

Current Liabilities

Accounts Payable ______

Accrued Expenses ______

Short-term loans (payments on long-term loans) ______

TOTAL ______

Other Liabilities

Long-term loans (loans less payments) ______

Mortgage (less payments) ______

TOTAL ______

TOTAL LIABILITIES ______

OWNER'S EQUITY ______

LIABILITIES + OWNER'S EQUITY ______

ASSETS

Current Assets		
Cash	4,000	
Accounts Receivable	1,500	
Inventory	20,000	
TOTAL		25,500
Fixed Assets		
Land	7,000	
Building	20,000	
Equipment	5,000	
Less depreciation	1,000	
TOTAL		31,000
TOTAL ASSETS		56,500

LIABILITIES

Current Liabilities		
Accounts Payable	2,000	
Accrued Expenses	1,500	
Short-term loans (payments on long-term loans)	3,943	
TOTAL		7,443
Other Liabilities		
Long-term loans (loans less payments)	27,555	
Mortgage (less payments)	15,812	
TOTAL		43,367
TOTAL LIABILITIES		50,810
OWNER'S EQUITY		5,690
LIABILITIES + OWNER'S EQUITY		56,500

ANSWER SHEET

Part B

1. Why should managers and owners of small businesses keep adequate records?

For legal reasons (tax purposes) and management decision-making (or its equivalent, such as planning or control)

2. Mr. Morenzi of Morenzi's Meat Shop has figured out that for the first three months of the year he has sold $6,390 worth of meat. The cost of the meat to him was $3,500. His total expenses for the same period came to $1,225, and he has to pay $150 in taxes. What is Mr. Morenzi's net income for the three-months?

$1,515

($6,390 - 3,500 = 2,890 - 1,225 = 1,665 - 150 = $1,515)

3. Define gross margin.

The difference between sales and cost of sales (or sales - cost of sales)

4. List three financial management tools used by small business owners/managers.

income statements

balance sheets

return on investment (or ratio analysis)

5. Define depreciation.

The decline in value of fixed assets

6. Define balance sheets.

A financial record showing, at a certain point in time, what a business owns, what it owes, and the investment of the owners

7. List at least five pieces of information a loan institution would need to evaluate a small business applying for a loan.

   a. *(These should be taken from the guest*

   b. *presentation.)*

   c. ______

   d. ______

   e. ______

8. Write in the space provided below CA for current assets, FA for fixed assets, and OA for other assets.

CA	50 lbs. of salami
CA	prepaid insurance
FA	display cases
CA	$200 in cash register
CA	grocery bags
FA	cash register
CA	waxed paper for wrapping meat
CA	$25 owed by customer Jim Donahue

9. Define net income.

The money left after all expenses and taxes are paid (or sales - expenses = net income)

10. Mr. Morenzi values his current assets at $2500, his fixed assets at $10,400, his other assets as $1400. His current liabilities total $4000 and his long term liabilities equal $9,000. Figure out Mr. Morenzi's owner's equity.

$1,300 ($2,500 + 10,400 + 1,400 = 14,300,

$4,000 + 9,000 = 13,000, 14,300 - 13,000 = $1,300)

11. Define assets.

Things of value belonging to a business

12. Define income statement.

A financial record summarizing the activities of a business over a period of time

13. In the space provided below, write CL for current liabilities and LT for long term liabilities.

CL monthly mortgage payments
LT long-term bank loan
CL payment due to Meat Slicers, Inc.
CL employees' unpaid wages
LT mortgage
CL workmen's compensation payment due

14. Define liabilities.

Money owed by a business to people other than the owners

15. Help Mr. Morenzi figure out which of the following items are assets of his meat store and which are liabilities. Put an A in the blank for assets and an L for liabilities.

A 100 lbs. of hamburger
L $200 bank loan payment due
A meat freezer
A cash register
L $50 payment due to Meat Slicers, Inc.
A two display cases
A prepaid life insurance policy for employees
L employees' unpaid wages
A $450 in store checking account
L $20 payment due on loan from Mrs. Morenzi

16. Define owner's equity.

That which is left of the assets when all liabilities have been recognized (or, assets - liabilities = owner's equity)

17. Which formula did you use in the game to calculate your return on investment?

☐ $\frac{\text{current assets}}{\text{current liabilities}}$

☑ $\frac{\text{net income}}{\text{owner's equity}}$

☐ $\frac{\text{sales}}{\text{cost of sales}}$

☐ $\frac{\text{gross margin}}{\text{sales}}$

Unit 4

MANAGING FOR SUCCESS

Overview

Concepts

Successful small business management involves good decision-making in all three phases of the business life cycle - starting, running, and stopping.

Through planning, a business can be stopped successfully.

The moral and ethical behavior of the small business owner/manager can impact on the success of his or her business.

A major function of management is problem-solving.

Management is the synthesis of financial analysis, marketing strategy, and effective allocation of resources.

Rationale for Teaching Strategies

The teaching strategies in this unit provide the students with a chance to further develop and refine their skills in problem solving and decision-making. At this point they should have sufficient technical information regarding the management of small business to begin a somewhat more sophisticated analysis of the decisions required for success.

Estimated Time

Six 50-minute class periods

Unit Preparation

1. Arrange for a guest speaker who can discuss stopping a business. (Possible candidates might be a banker, lawyer, accountant, or SBA representative. See Module 4.1.)

2. Make sufficient copies of SIS numbers 30, 31, 32 and 33.

Module 4.1

STOPPING A BUSINESS

[Before presentation]

1. EXPLAIN to the class that a guest speaker will be coming to talk about the whys, the hows, and the consequences and/or rewards of stopping a business.

2. DISTRIBUTE SIS #30, "A Going-Out-of-Business Announcement".

3. EXPLAIN that SIS #30 describes one person's reasons and method of stopping a business.

4. ASK the class to develop a list of questions to present to the speaker regarding stopping a business.

   [Allow enough in-class time to do this. Go through the list of questions checking for thoroughness, appropriateness, etc. When the list is complete, distribute the questions in a way that will get as much class participation as possible.

   Sample Questions:

   a. Why would someone decide to stop a business?

   b. What is bankruptcy? (You may want to explain this in simple terms prior to the presentations.)

   c. If someone goes bankrupt, does that mean he/she can never start another business?

   d. What are some ways to stop a business successfully?

   e. Who would I go to for advice if I decided to stop a business?

   f. What are the most important things to consider when:

      - selling out?
      - retiring?
      - bankruptcy is imminent?

   g. How long should someone wait before considering selling a business that is not showing a profit?]

[The Presentation]

5. INTRODUCE the speaker.

   [Allow enough time at the end of the presentation for questions and answers.]

[After the Presentation]

6. DISCUSS some of the important points of the presentation, relating to businesses in the game.

7. ASK the students to volunteer responses to the questions they asked.

8. SUMMARIZE

   [Relate stopping a business to management planning and decision-making.]

Module 4.2

MORAL AND ETHICAL ISSUES IN SMALL BUSINESS

[It is important that the students begin to build an awareness of the kinds of moral and ethical issues they will encounter as owners/managers of small businesses. Presented below are examples of several hypothetical situations that might be used in a class discussion. It is imperative that the students be allowed to take any point of view, regardless of acceptance by you or the world at large. However, whatever stand the student takes, he or she should be asked to justify it in terms of his or her own ethical system. As instructor, you should guide the student discussion in such a way as to increase the student's awareness of the consequences of his or her actions (e.g., cheating the consumer may result in profits in the short run, but the owner/manager may lose money in the long run). Questions such as, "Does breaking the law necessarily mean that the manager is acting unethically?" may be difficult to respond to objectively but should be considered relevant. To reiterate, the purpose of this module is to give the student a chance to explore and begin to define his or her own ethical system; to compare that system to the laws, ethics and morals of society as a whole, and to test that system within a few but relevant hypothetical situations.]

1. DISCUSS the following situations. ASK the student to justify his or her behavior in terms of his or her own ethical system.

   [These are only examples. Feel free to create your own, particularly if you feel these are not suitable for your students.]

   - You have an opportunity to buy goods that you know have been stolen at a much lower price than you would normally pay. Business has not been very good lately. In fact you have been losing money for the past year. This would be a great chance to make up for some of your losses. What would you do?

   - You recently received a notice from the government that several of the products you carry may be harmful to children and that an investigation will take place. Most of these products are quite profitable and so far you have had only a few complaints from your customers. You know that it will be several months before the government will get around to doing anything drastic. What would you do?

   - You've been carrying a new product for three months. During that time 5% of them have been returned, all for similar reasons. (You know that there is a high probability that many more people have the same complaint but haven't bothered to return the product.) Your profit margin on this product is high. Would you continue to sell it or not? Why?

- Recently you fired one of your full-time employees who is also a good friend, for gross incompetence. Both of you agreed that it was the best thing to do. You get a call from the manager of another store where your friend has applied for a job. The manager is asking for a reference. What do you do?

- You are in the process of hiring a full-time employee. You've advertised in the local paper and included the salary as part of the ad. Twenty people apply for the job. From these applicants you select one and tell him he can start working the following week. Later that day, a man comes into your store looking for a job. He's been out of work for six months and is supporting four children. Although he is not as qualified as the man you hired, he offers to work for $1.00 less per hour than you had advertised. What do you do?

- Your insurance company has come out with a new employee policy that costs considerably less than the one you have now. Although it meets the minimum coverage required by law, your employees would lose many of the benefits provided by the current policy. (The amount you would save per year would be around $2500.) What would you do?

- A new part-time employee has asked you if she can be paid in cash, rather than by payroll check. She apparently does not want to declare her income. You, too, would save money because you would not have to pay social security and other taxes as required by law. Would you agree to pay her in cash?

Module 4.3

PROBLEM SOLVING

1. EXPLAIN to the class that being a manager or owner of a small business involves continuous problem-solving. Cite some of the problems they have encountered in the game.

   [e.g., locating a business, disagreements with partners, etc.]

2. DISCUSS briefly some of the ways that the students solved these problems.

   [Possible questions to ask:

   - Did you define the problem?
   - Did you consider more than one solution to each problem?
   - Were you satisfied with the results of your solutions?
   - Did you consider the cost of solving the problem?
   - Did you develop a strategy to solve the problem?]

3. EXPLAIN that they are going to go through the process of solving a problem in groups using a method established for that purpose. They should realize that this is only one of the many formal approaches available.

4. DISTRIBUTE SIS #31, "Problem Solving Method".

   [Allow enough time for the students to read the information and answer any questions they may have.]

5. BOARD a list of possible categories of problems to choose from or ask for suggestions.

   [e.g., legal conflicts, career choices, authority conflicts, financial problems.]

6. Using the model, WALK THROUGH the process of solving the problem.

   [Be sure that each member of the class offers at least one suggestion per category (problem definition, results, solutions, assumptions, facts).]

7. SUMMARIZE problem solving.

Module 4.4A

MANAGEMENT PROBLEMS

1. INTRODUCE the management problems. TELL the class:

    You have made many decisions and solved some of the problems that a small business owner/manager encounters day in and day out. You've done this in the game, in group projects, in discussion, and individually. It's obvious that one semester is simply not enough time to learn and experience all of the types of problems that you would have to handle if you owned your own business. As a final exercise in the course, I am going to ask you to solve six problems that an owner of a small newspaper might have to handle.

    The business profile of the Brentwood Neighbor I will hand out is a revised version of that used by those of you who owned the newspaper in the game. All of you will get a chance to familiarize yourself with the business and industry before attempting to solve the problems.

2. DISTRIBUTE SIS #32, "Business Profile" (one per student).

3. INSTRUCT the students, including those who ran the business during the game, to read the profiles carefully.

4. DISTRIBUTE SIS #33, "Management Problems" (one per student).

5. TELL the class:

    Read the problems carefully and follow the instructions given to you at the end of each problem. Keep in mind the problem solving techniques that you have learned. The emphasis in this exercise is on the process you use to solve the problem and the issues involved. There are no right or wrong solutions. However, in the real world, all solutions have consequences--either good or bad. Keep this in mind as you consider each of the problems and the environment in which they occur.

6. TELL the class when the assignment is due.

    [Have resources available in the classroom. Allow discussion of the problems between students; however, do not emphasize peer discussion as a resource. Those who want to work alone should not be penalized and vice versa.]

7. COLLECT all materials.

8. EVALUATE each student's performance using the evaluation checklist on the following page.

   [After the whole group discussion, students should be given a chance to change their solutions based on information gained through the discussion. Students then should be reevaluated. You must remain neutral throughout the discussion, serving only as a facilitator, and focusing the discussion on the matters at hand.]

Evaluation Checklist

		Yes	Partially	No
I.	Were issues stated clearly?			
	Were all facts covered?			
	Were financial implications considered?			
	Was the impact on the market considered?			
	Were moral and ethical implications considered?			
	Did the statement of issues indicate a discrimination between fact and opinion?			
II.	Were the solutions reasonable?			
	In terms of costs?			
	In terms of market impact?			
	In terms of moral and ethical implications?			
	Did the solutions fit the issues?			
III.	Was the justification persuasive?			

Total = 20 points

Part I = 9 points (1.5 points for each question)
Part II = 9 points (1.8 points for each question)
Part III = 2 points

Module 4.4B

MANAGEMENT PROBLEMS

1. TELL the class they are going to discuss the problems and solutions they came up with. EXPLAIN that they will have a chance to revise or change any of the information they gave you previously if they want to.

2. ASK the students some of the following questions:

   - Which problem did you feel was the most urgent? Why?
   - Which was the least urgent? Why?
   - Can someone give me their solutions for the problems?

   [Get examples of different solutions to the same problems. Discuss the reasons for the difference. Compare and contrast the different prioritizations. Allow some debate, but keep it limited to available facts. These problems will likely elicit moral and ethical statements. Make sure students recognize the difference between personal and factual information. Use the evaluation checklist , for evaluating student performance and to guide the discussion. If you found that many students did not perform at the expected level, guide the discussion in a way that will cover weak points. Make sure students are able to classify their positions. Remember there are no right and wrong answers. No matter what stand or solution a student chooses, the concern is that he or she defends that stand logically and clearly and that he or she can recognize the possible consequences of his or her decision.]

INTERVIEWS WITH TEN CHICAGO ENTREPRENEURS

By: Marcia Slater Johnston

JIM ERRANT

Jim Errant, 26, owns the Chicago Claim Company--a medium priced restaurant on North Clark Street. He's had the business a year and a half.

I started by working at a restaurant in Denver. I waited on tables, cooked, tended bar, and picked up the nuts ond bolts on the business. Later, here in Chicago, I spent some time at R.J. Grunt's learning the ropes.

Lots of people think if they're good cooks--and good eaters--they can open a restaurant. I wish it were that simple. You've got to know every area of the food business--purchasing, advertising, cooking, mixing drinks, and dealing with customers.

All sorts of young men and women come to me and say, "Hey, I want to learn about running a restaurant from you so I can open my own." I tell them, "That's okay with me, I'll have you cook, bartend, wait on tables, bus..." And they say, "Man, you don't understand. I want to learn how to manage." Well, you've got to know a business from the ground up before you can run it.

I enjoy the freedom of being in business. I like being a boss. I have forty-two employees, and it gives me a good feeling when they come to me for advice.

It would be rough to work for somebody else. But by no means do I think that could never happen. I'm only twenty-six years old, and my career could take many turns. I hope that if I did have to work for someone else, I could pretty much call my own shots.

MARJORIE KAIZ

Marge Kaiz, 32, owns Famous Stores International, Ltd., a shopping service for businesses. She started her business two years ago.

I got the idea for Famous Stores a few Christmases back when my boss gave me--and the six executives I worked with--bottles of whiskey as gifts. It was an okay gift, but I would have preferred something that showed a bit more imagination. I think most people are disappointed with the business gifts they get.

I toyed with the idea of starting a business to help corporation executives come up with unusual, customized Christmas gifts. But it needed an additional dimension. Then my father told me how excited he was with a present from Bergdorf Goodman. And it hit me. My service would specialize in selecting gifts from famous stores.

Going into my own business has satisfied my need to be creative and independent. In a practical sense, it has given me the flexibility I need to take care of my young child. To me, being self-employed is the only way to go. If you've got a certain emotional make-up, you resent every dime you're making for someone else.

Still, it's not all roses. An employed person has only one terror--being fired. As a business owner I have many terrors.

JOHN SWAIN

John Swain, 37, owns Swain Drug Company on Chicago's South Side. He has had his business for two years.

I feel anyone wanting to start a business should set a time limit for when he wants to get out from under and go on his own. In the meantime, he should find out as much as he can about profit, volume, mark-up, cash flow, personnel, advertising, and accounting.

Having your own business doesn't take any more time than working for a big company. When you work for a company, they feel your life is their life, anyway. So you may as well do it for yourself. I never mentally leave my business. I'm always thinking about it. Because if I don't make things happen in the business, they're not going to happen.

I'm black and one of the biggest kicks I get out of my business is giving minority folks good jobs. I guess another plus to having the company is that my net worth has improved. My income is less, though, because I put all I can back in the business.

CRAIGE JOHNSON

Craige Johnson, 29, owns the Copper Carrot, an Evanston store stocking gourmet cookware and kitchen utensils. He has been in business 5 1/2 months.

In my mind, you're either an entrepreneur or you're not. If you are, you're always leaning toward starting your own business.

A young person who has talent in business and not too much capital is really better off these days with something he can control. If you put your money in the stock market, someone else controls it.

I bought the Copper Carrot with several partners. I'm not an expert in kitchenware. I feel, though, it doesn't matter what kind of business you go into as long as you have talents in marketing and developing ideas and products. I've had plenty of experience in that as an account executive in an ad agency.

Most entrepreneurs think of making something grow, so we've already expanded to the Lincolnshire Mall. We hope to have another store ready to open this summer. If you have a going concept, the way to make more money is to open new stores.

I'm still at my job. You better believe you need some source of steady income when you first open a business. I could not make enough money from the store to quit my job.

This is probably the worst time in the last ten years to start a business. As the economists say, "the downside risk is great". But I'm optimistic. Even during the depression people made money.

HOWARD GRAFMAN

Howard Grafman, 44, is one of the owners of Century Broadcasting Corporation, a national firm based in Chicago. Century owns four FM stations and has interest in a fifth. Grafman and his partners started the business ten years ago.

The important thing is to get into a business you like and know. I'd been in radio and television for a number of years before we formed Century.

When you're deciding on a business, ask yourself what the conditions are today in this field. What is its future? Ten years ago we saw the potential for growth in FM radio. The time was right.

Building a business is much more creative than most people think. It doesn't have to be dull or stodgy. Having a business takes maturity and the ability to work with others--and that includes employees. We have 120 people working for us now, and we've got to know how to deal with them.

You need to have good help--a sharp lawyer and accountant. And you need money. It's tough to raise capital--especially on your terms. It took us five years to raise money our way.

If you go into business with other people--either in a straight partnership or in a corporation--you've got to be certain you have common interests and goals. Recognize what each does well. It helps to be friends. I don't buy the reasoning that you can't be friends with your partners. You can do it--if you're all on the same track.

GORDON SEGAL

Gordon Segal, 36, owns the Crate and Barrel. He started his first store twelve years ago in Old Town and now has stores in the Plaza Del Lago, Oak Brook, and Hawthorne Shopping Centers. He has two other stores in Cambridge, Massachusetts.

To start your own business you've got to be crazy. But I guess if there's a method to your madness, you'll do all right.

I began my business because I saw a specific void in the market. People were traveling to Europe in the early sixties and became familiar with European merchandise. Yet no store in Chicago stocked any line of inexpensive, good European cookware.

We opened on Wells Street in Old Town. Old Town was coming into its own in those days, but the rents were still cheap. Wells Street was the main drag, and there was always a lot of traffic along it.

Our name came quite by chance. We didn't have much money to fix up the store, so we turned over empty crates to use for display and sold many items out of the barrels they came in. Someone suggested we call the shop "Crate and Barrel".

It takes an awful lot of money to start a retail store. I'd estimate that you'd need maybe $100,000 to $300,000 to open one today. That includes money for inventory, decorating, and cash on hand. The difficulty with a business is it's non-liquid. Depending on economic conditions, you could wind up selling a business for less than it's actually worth. In the retail business you may find yourself always "cash poor". The business may bring in a good living, but as you become more successful, you'll have to put your profits back into the business to replace inventory.

EDWARD KLINENBERG

Edward Klinenberg, 32 owns Precise Communications, a Chicago firm specializing in marketing and communications. He started his business six years ago.

The time was right for me to start my own business. I had a wife who worked, no kids, no responsibilities, and some capital. I was working for a small advertising agency, and I left on very good terms. I didn't take any accounts with me, so there were no hard feelings.

A business like mine can begin without much overhead. I think my major investment was an electric typewriter. I put down a deposit for a phone, bought a couple of file cabinets, and traded professional services for office space.

When I opened, I sent announcements to everyone I knew--and I mean everyone. People don't call you right away, but they put you in the backs of their minds and call you later. I also sent out a newsletter--Precisely Stated--to business acquaintances I thought might be clients some time.

Any business--I don't care what it is--is 99.9 percent selling. If you can't sell you won't make money.

WILLIAM VAN STRAATEN

William van Straaten, 36, owns van Straaten Gallery on Michigan Avenue. He opened the gallery--which specializes in signed prints and art posters--five years ago.

When I first thought of opening a gallery, I went around and talked to people in the art community. I asked them what it would take to open a gallery. It was great. The more people I talked to the more ideas I got. You never should be shy about asking other business owners for help. Not everyone's going to be nice about sharing ideas. But most sophisticated people feel "the more the merrier". Competition is healthy. And besides, successful entrepreneurs love to talk about their successes.

I never comprehended the time running a business took. You have to be willing to put in a seven-day week. It gets lonely. There's no one to turn to. The problems are all yours--the buck stops at your desk.

I had some experience in sales and that helped me in the business. But many of the nitty gritty things I had to pick up on the job. Business schools don't teach you how to wrap packages. And that's an important part of the retail business.

My advice to anyone contemplating going into business--especially a retail business--is to be flexible. Flow with the market trends. Don't stock what you think customers ought to have. Stick to your standards and tastes but don't blame the customer if your stuff doesn't go over. I get tired of hearing owners who fail say, "Chicago wasn't ready for this."

The gallery is a great source of pride to me. Still, I'll always have to keep working to make my business grow. I don't feel I'll ever be able to sit back, put my feet up and say, "I've done it."

BILL REDHED

Bill Redhed, 46, and his partner, Duke Nathaus, own Somebody Else's Troubles, which offers food, drink, and folk music on Lincoln Avenue. Somebody Else's Troubles has been open almost a year.

I had always been interested in folk music and had friends like folk singers Ed and Fred Holstein. Duke and I had thought about opening a place like this for a long time, and last winter Earl Pionke--owner of the Earl of Old Town--saw this storefront for rent. Duke and I had some money, and we decided to try it. Ed and Fred came in with us as sort of spiritual partners--they didn't invest any money but they invested know-how and interest.

The location seemed ideal. It's at the north end of what seems to be a burgeoning area for live music. There are now ten places around here offering talent. I think there's more live entertainment around here than in any other area of the city. And all that competition generates increased traffic into the neighborhood.

Our name came from an album of Steve Goodman's. He's helped us out here from time to time and so has Bonnie Koloc. The great thing about doing this is that I'm exactly where I want to be and working with people I like.

Not that there aren't problems. Owning a business always puts you on the periphery of anxiety. The partnership has worked out well. But working together has meant relating to each other a new way.

Mostly, I'm happy with the business. Four times a week I clean up. I actually enjoy doing it because it's my place.

ELIZABETH HONESTY

Elizabeth Honesty owns the Write-On Currency Exchange on Chicago's West Side. She opened her business four years ago.

I had worked in currency exchanges for twenty-five years, and I was determined to have one of my own someday. In the beginning I had difficulty getting enough capital. I think banks were reluctant to help me because I'm a black woman. But I needed financial assistance. I didn't have enough money on my own.

Crime is a problem if you own a business in my community. It's the biggest difficulty I have with the exchange. Customers get ripped of as they leave. I've had to spend a lot of extra money on security.

I don't want to lose my business, so I've got to work hard to make it. To tell you the truth, I thought I'd be making more than I am. I guess I'm breaking even. But I'm happy. I'd be lying if I said there was anything negative about owning a business.

I wouldn't want to have to work for anyone else again. Go back to where I started from? No way. I'm my own boss. I've accomplished something. I've actually made my dreams come true. To me owning your own business is just...well, it's just a beautiful, beautiful thing.

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PLANNING FOR SUCCESS

Goal: To get an "A" in this course

Progress Milestones: Quizzes and Unit tests

Risks and Obstacles: Boredom, outside activities, other students, possible failure, illness, etc.

Strategies:
- do assigned work
- study for tests
- listen in class
- participate actively in group projects and discussions

Required steps:
- sign up for course
- satisfy prerequisites
- attend classes

ROCCO'S STEAKPLACE

Locational Factors. Rocco's Steakplace was a fairly large restaurant, located in the center of a small but new suburban shopping center in a residential section of a growing suburb. The shopping center and restaurant was situated along a heavily traveled major traffic artery. The residential population was composed largely of middle-income families, and, although the ethnic background of the residents was fairly heterogeneous, a large proportion of Italians were represented in the neighborhood. A somewhat smaller restaurant was located about 200 yards down the street.

Choice of Business. Rocco's Steakplace, which dealt primarily in full-course dinners eaten on the premises, was operated by Anthony Rocco, a neat-appearing and alert middle-aged man who gave the impression that he was operating the business with ease, confidence, and a great deal of efficiency. He had never been employed in his life, having operated his own business (restaurant) since graduating from college. His most recent venture, prior to the present undertaking, was a large restaurant which he operated successfully with his brother for six years, at which time he sold out to his brother because of illness. Following his recovery, he again went into business for himself.

Rocco's motives for going into business for himself, were primarily of a financial nature, although he also indicated at one interview that he liked the idea of being his own boss. He felt that he could make more money working for himself than he could working for someone else. In his own words:

> I decided that I wanted to have a business of my own when I got out of college. When you are working for other people, you never have any money in your pocket. When you are in business for yourself, you always have a substantial roll in you pocket, and this gives you a warm feeling.

His reasons for going into this type of business at this time derived from his previous experience operating a business of this nature, plus the fact that he tired of inactivity after he had recovered from his illness.

The opening was thoroughly planned in advance. Rocco reported at the initial interview that he had been working out the design of the restaurant for about 3 years prior to his opening--even to the extent of designing the very attractive sign he had in front. When he was ready to put his "plan" into operation, he carefully inspected several possible locations before finally deciding on the present one. The fact that he seemed to know just what he was doing, is illustrated by his response to the question asking why he chose the location he did over others that he had seen:

> I had looked everywhere, and this was one of the areas I had inspected. I particularly noticed the heavy traffic when I first looked at it. This is the crossroads from north to south for practically every main artery State-wide. So obviously the potential is here.

Having decided on the location, Rocco attacked the problem on the new building which was to house his restaurant with a vengeance, reconstructing it in accordance with his preconceived plan:

> I went over the whole interior, fixing it up just the way I wanted it.

Reflecting his "sound business sense", Rocco realized the necessity of having a substantial cash reserve to fall back on until the business had had time to get on its own feet.

Business Growth. Although the proprietor had high hopes for the future of his business, he was very realistic in his expectations. He had no illusions about "getting rich overnight", as shown by his answer to the question asking how well he thought the business would do during the first year of its operation:

> I couldn't begin to say. I would be a fool to expect much of anything until I've built up the trade, the name, and the goodwill...I don't expect any actual profit until my business is firmly established. This should take at *least* a year, but I'm patient. Rome wasn't built in a day, you know.

It was fortunate for Rocco that he was patient and that he had a goodly amount of capital to see him over the rough spots because the business began quite slowly. However, the proprietor did not seem to be visibly discouraged.

At this time, although he had been unable to draw an income from the business, Rocco had been able to meet all his operating expenses without investing any "new money" in the business; but he indicated that he might have to do so if it didn't pick up in the next couple of months. The business did not show any substantial improvement and, when contacted later, the average weekly gross was still low. Moreover, as Rocco had indicated at the preceding interview, he had to invest additional capital in the business "for survival purposes".

Rocco's patience was apparently being rewarded. When the next follow-up interview was conducted, the volume of business he had been doing had obviously increased.

Rocco was again very optimistic about the future of his business, but he had apparently adopted a more cautious attitude regarding the time it would take to get a business going successfully. Where he had earlier talked in terms of it taking at least 1 year to get a business on its feet, he now talked in terms of 4 years. During the next interview, Rocco reported that he had not had to put any new money into the business since the previous summer. He then went on to give the following account of what a person going into business for himself could expect:

> The first year, you have to expect to lose money, and you will have to have a big enough cash reserve behind you to support both yourself and the business. During the second year, you can expect a break even at the most, and maybe you'll even have to pour in a little more money. After that, however, you should be pretty well established and, for the next 2 years, you can expect to get back the money you put into it. From then on you can take it easy and make money.

Rocco, who had not as yet taken any salary for himself, also indicated at this time that he was now in a position to put himself on salary if he so wished. Instead of doing so, however, he planned to put in an air conditioning system, and he was also planning to use what salary he would have taken for himslef to hire two new waitresses to handle his ever increasing volume of business.

It was apparent at this time that the business was on a very sound footing and, all the signs pointed toward a bright future for Rocco's Steakplace. When the final interview was conducted after the business had been in operation for 2 years, this fact was even more apparent.

Reasons for Growth. On several occasions at this final interview, Rocco stressed that the business had been well planned out at the start, and that he was happy to be able to report that it was developing in accordance with this preconceived plan. In his own words:

> The business was developed according to my expectations. This business has been very well planned and has gone at least according to schedule, if not better. I am doing almost exactly what I thought I would be doing at this point. I am rapidly taking back what I put into the business, and another 2 years should put me in an excellent money-making position.
>
> The most satisfying aspect of the business is that it has been keeping up with my expectation--even surpassing them. This is all because of good planning. This whole business was carefully engineered from the very beginning. The reason why so many businesses fail is that they don't have the cash on hand to see them through, and they are not well engineered... This business has been well engineered, and it will improve. By the time the fifth year rolls around I will be in a position to make some money on it.

Rocco's Steakplace, after completing 2 years of operations, stood on the threshold of becoming a successful business. Business was going along at an excellent pace, having "better than doubled its volume" during the second year, and Rocco was in a position to start realizing an income from his investment. As to factors explaining the successful survival of his business, the proprietor himself had it pretty well summed up when he said:

> I had a lot of cash on hand, a well-planned program, and
> the patience to wait it out.

Rocco was a man who had had 25 years of experience operating a restaurant prior to embarking on his present undertaking, and he was well aware of what it takes to operate a business of this type. With his know-how behind him, coupled with the fact that he had substantial cash reserves to support himself as well as the business until it became established, it is not surprising that he was able to build the business up to a point where it was on the verge of becoming a really successful and profitable operation in 2 years' time.

Reprinted from The First Two Years: Small Firm Growth and Survival Problems, SBA, 1961.

A COUPLE OF KIDS WITH A GOOD IDEA

In just five years, Lew and Judy Eisenberg have progressed from making sandals on a houseboat to a thriving leathercraft business.

Five years ago, Lew and Judy Eisenberg began handmaking sandals in their Ala Wai Harbor houseboat and selling them to friends in order to supplement his Navy salary. Before long, the popularity of their handicraft led them out of the Ala Wai, out of the Navy, and into a business operation which is expected to gross half a million dollars this year.

Today, their burgeoning enterprise, Seafarer, Inc., turns out handmade sandals, handbags, clothing, and other leather goods by the carload and sells them in three Seafarer shops in Honolulu. Although the shops carry such "in" items as sun visors and immigrant caps, Seafarer's appeal is broader than that of the leather "head shops" which cater exclusively to the young hip crowd. Seafarer's customers are predominantly from the 18- to 35-year-old group, but the shops also have something for the businessman, the fashionable secretary, and just about every kind of shopper-as their location in the Amfac Center, Ala Moana Shopping Center, and the International Marketplace suggest.

Smartly designed and constructed by the Eisenbergs, the shop interiors have an appropriate hand-hewn look with such touches as a 150-year-old Boston cobbler's bench and an authentic air-tight ship door serving as the entrance to one fitting room. In addition to ready-made leather goods by Seafarer, the shops carry some imported leather items and take orders for items to be custom-made by Seafarer.

BLUE JEANED CRAFTSMEN

Although the little company's growth has been the result of hard-working entrepreneurship, Seafarer is not exactly a run-of-the-mill business operation, and the Eisenbergs aren't exactly typical entrepreneurs. For one thing, after running their own company for four years, Lew and Judy Eisenberg are now only 25 and 26 years old. Most of their 30 employees are young too--bearded and blue jeaned craftsmen who work leather to the sound of rock music, and clearly enjoy their work.

That is another unusual feature of the business. Like many young people, the Eisenbergs say they are more interested in the creative opportunities and the challenge of building the business than in profit, and their style of doing business bears out the claim. Their Beretania Street workshop has the informal, enthusiastic air of a hobbycraft class, rather than a factory, and their prices are kept considerably lower than the trade could bear.

Despite the casual atmosphere at Seafarer, on the management side it is well structured and systematic. This is the province of corporate secretary Fran Bush (Judy's father), a former store manager for J. C. Penney and a midwestern discount chain, who joined Seafarer two years ago. He has set up procedures in inventory control, merchandising, personnel, and other areas, and acts as business manager for the company.

Still another family member joined the company six months ago. Geoff Bush, formerly an account executive for a Honolulu advertising agency, has taken over handling of marketing and advertising for Seafarer as well as management of the downtown store.

SALTY SANDALS

Lew and Judy remain the creative sparkplugs of Seafarer, generating new ideas for expanding the merchandise line and guiding development of the business. They made the transition from hobbyists to entrepreneurship at the urging of friends who had purchased those first experimental sandals. In 1967, Lew leased a tiny (77 square feet) store space near Duke Kahanamoku's in the International Marketplace and set up a shop, Salty Sandals, offering custom-made and ready-to-wear sandals.

Right from the beginning it was a winner, and the Eisenbergs found themselves working late into the nights on their houseboat to keep up with the orders for footwear, wallets, and belts. When the boat could no longer contain the activity, they moved into a house. But neighbors were soon complaining about the hammering noises at night, and once again the workshop was moved--this time to a store on King Street near University Avenue, where they opened another retail shop along with the workshop.

It was at about this time that the name Salty Sandals was dropped (people kept reading it "Sally Sandals," says Judy) and Seafarer was adopted. "We thought the new name was fitting," explains Lew, "because our business got started on a boat, because we both like the sea, and because much of the leather we use is latigo, an oil-tanned leather which resists drying and was used in the rigging of old sailing ships."

The first big break came when Lew persuaded Liberty House to carry Seafarer bags and belts, featuring them in a special promotion in all of its stores. The orders began pouring in, and it was all Lew and Judy and their few hired craftsmen could do to keep up with the mushrooming demand.

ALA MOANA MOVE

In 1969, Lew applied for store space which was opening up in the Ala Moana Shopping Center. "It was because of Wellington Chu (general manager of the Center) that we were able to get the shop," says Lew. "He took a chance and backed us up. After all, we had only been in business two years, working mostly out of a store the size of a closet."

Chu made the provision, however, that they would have to get a full-time manager for the business. That is when they called Fran Bush, who was then with the discount store in Minneapolis. They asked him to come to Hawaii and manage Seafarer, and he says it took him about two minutes to decide to accept.

The Ala Moana store generated so much business that the workshop had to be moved to larger quarters on the second floor of a Kona Street building, above a Chinese restaurant. It was conveniently close to the Ala Moana Center, but after six months the Eisenbergs had to concede that they and their employees were suffering a serious loss of efficiency during the morning hours when the restaurant was cooking onions and garlic for the evening meals.

As a result, last spring the factory was moved to its present spacious Beretania Street quarters, which are now being remodeled by the Eisenbergs. At the entrance to the factory a small retail shop has been installed as a sales area for leather and leathercraft tools and hardware. Leathercraft hobbyists are rapidly growing in number, and Lew believes Seafarer's is the only shop in Hawaii which specializes in supplying this craft.

MOSTLY HAND WORK

But manufacturing is the company's main order of business. Although some of the cutting and sewing is done by machine, manufacture of the goods is still overwhelmingly a hand process. Every one of Seaferer's employees has some part in making the goods--even the store clerks, who lace together handbags and wallets during their spare time.

All of the employees can do, or are learning to do, most facets of the work. In order to avoid the boredom of assemblyline production, one person cuts leather for a while, and then switches to trimming, staining, stamping, lacing, applying hardware, or one of the other steps in the process. Says Lew, "This is not really like a factory. The kids all know how to do all the steps in leather work and pride themselves in doing it well."

Shortly after opening the Ala Moana store, Seaferer added a designer and pattern grader and a seamstress, enabling the company to move into clothing manufacture. "We had been wanting to make leather clothing for some time, but we were skeptical about being able to sell it here because this climate is so warm," says Judy. The success of a few experimental items and the growing popularity of leather changed their minds.

Their line now includes jackets, ponchos, pants, hotpants, bikinis, and backless dresses, as well as boots, sandals, mocassins, handbags, hats, wallets, visors, leather-covered bottles, hair ornaments, and a variety of other small items.

They make only a few of one kind of item at a time to avoid getting stuck with a lot of merchandise that doesn't sell. None of the shops has ever had to have a sale to get rid of slow-selling goods, says Judy.

HOTPANTS COUP

A former builder of racing cars, Lew is the chief generator of new design ideas, setting a goal for himself of one new design project a month. He tries to keep abreast of fashion trends and has had some notable successes: Seafarer had a line of leather hotpants ready to go several months before the fashion took hold in Hawaii.

Twice a year, the Eisenbergs go to the Midwest to select hides and hardware. They use only solid (not layered or cardboard-filled) leather and brass hardware. Judy believes that even though she and Lew no longer have time to do much of the actual leatherwork, manufacturing improvements they have worked out over the years plus the fact that they can now afford to buy better leather add up to a product which is even better than in the days when they were making everything themselves. Every item is still inspected by either Lew or Judy before it leaves the workshop, and in four years only two pieces of merchandise have been returned by unsatisfied customers, she says.

The Eisenbergs say it is this aspect of the business--the quality and imaginativeness of the products--coupled with the challenge of building their own company rather than the drive to boost profits, which motivates them. While their overhead and the cost of leather have risen steadily, prices on most of their products have not been raised in two years. Partly, this has been possible because of increased volume and efficiency as well as the practice of using bits of leather once discarded as scrap in the small items which have been added to the line. But in a significant way, pricing at Seafarer reflects the Eisenbergs' insouciant approach to the business. Says Lew, "We figure we're making a fair enough profit, so why raise prices."

Nevertheless, the business is growing. Good management coupled with the creative drive of Lew and Judy pushed the little business from a gross in 1970 of $100,000 to $400,000 in 1971. With an additional store and a stronger advertising effort, the volume is expected to pass half a million dollars this year.

Export is an available channel for further expansion, although the Eisenbergs may not choose to take advantage of its potential. Seafarer already has several outlets on the Mainland which would take more merchandise if it were available.

NEW SHOPS

At present, the major effort is going into the local operation--streamlining the manufacturing processes, getting the crafts shop operative, introducing new lines of leather goods, improving the existing stores, and possibly opening still more stores.

Last fall, Seafarer's first home in the International Marketplace was replaced by an eyecatching new shop designed by Lew. The exterior facade was built in the shape of a ship's bow by Ala Wai Marine, but the nautical-looking interiors were done by Judy and Lew with the help of assorted friends and family members, including Lew's cousin, Pete Chessen, who manages the store.

With that shop completed, their efforts shifted to finishing the interiors of the newest Seafarer shop in the ground floor of the Amfac Center. They installed mellow wood panelling salvaged from the old Davies Building and inlaid woodblock floors from the old Star Bulletin Building. Conceived to cater to a different market, this shop sets a new direction for the company. In addition to the standard Seaferer merchandise available in the other two shops, it also carries more costly and unusual leather goods for which the Eisenbergs believe there is a market in the downtown area. Fine imported boots and shoes, luggage made in Poland, wallets from Spain, purses from France, document cases, and leather boxes line the display cases.

Leather desk sets and office accessories can be custom-made in the shop by its manager, Geoff Bush. Also a brass sculptor of notable talent, Bush uses the shop to display his fanciful re-creations (he calls them mechanical caricatures) of such gadgetry as antique automobiles, airplanes, a hot air balloon, and a climbing crane.

The brass, the leather, and the wood of Seaferer blend into a pleasant interlude in the concrete and glass corridors of ground-level downtown Honolulu. A representative of Center Properties, leasing agent for the building, concedes that his company was hesitant at first to lease to so off-beat a tenant as a leather-craft shop. But as it has turned out, Center Properties couldn't be more pleased, he says.

It would be wrong to say that success has come easily to young Judy and Lew Eisenberg. They work hard--so hard, in fact, that there has been little time in their lives for anything but the leather business since their high school courtship culminated in marriage five years ago. But fascination with beautiful leather, with design, and with the challenge of accomplishing the very difficult have been the prime motivators for them.

Success has been a bonus.

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Student Information Sheet #5

RATING SCALE FOR PERSONAL TRAITS IMPORTANT TO A BUSINESS PROPRIETOR

Instructions: After each question place a check mark on the line at the point closest to your answer. The check mark need not be placed directly over one of the suggested answers because your rating may lie somewhere between two answers. Be honest with yourself.

Are you a self-starter?	I do things my own way. Nobody needs to tell me to get going.	If someone gets me started, I keep going all right.	Easy does it. I don't put myself out until I have to.
How do you feel about other people?	I like people. I can get along with just about anybody.	I have plenty of friends. I don't need anyone else.	Most people bug me.
Can you lead others?	I can get most people to go along without much difficulty.	I can get people to do things if I drive them.	I let someone else get things moving.
Can you take responsibility?	I like to take charge and see things through.	I'll take over if I have to, but I'd rather let someone else be responsible.	There's always some eager beaver around wanting to show off. I say let him.
How good an organizer are you?	I like to have a plan before I start. I'm usually the one to get things lined up.	I do all right unless things get too goofed up. Then I cop out.	I just take things as they come.
How good a worker are you?	I can keep going as long as necessary. I don't mind working hard.	I'll work hard for a while, but when I've had enough, that's it.	I can't see that hard work gets you anywhere.
Can you make decisions?	I can make up my mind in a hurry if necessary, and my decision is usually o.k.	I can if I have plenty of time. If I have to make up my mind fast, I usually regret it.	I don't like to be the one who decides things. I'd probably blow it.

Can people trust what you say?	They sure can. I don't say things I don't mean.	I try to be on the level, but sometimes I just say what's easiest.	What's the sweat if the other fellow doesn't know the difference?
Can you stick with it?	If I make up my mind to do something, I don't let anything stop me.	I usually finish what I start.	If a job doesn't go right, I turn off. Why beat your brains out?
How good is your health?	I never run down.	I have enough energy for most things I want to do.	I run out of juice sooner than most of my friends seem to.

GOULD'S SPECIALTIES

Personal Characteristics. Aaron Gould was 57 years old, married with three children. A high school graduate, Gould appeared quite intelligent. He dressed neatly, exhibited a friendly personality, and was very gregarious. In short, he was an extremely pleasant person.

Gould had spent the better part of his life working for various jewelry manufacturing firms, largely in a supervisory capacity. His reason for going into business for himself was to escape from the tedious and dreary routine of factory work. He had been in the jewelry business for 40 years and he had been getting tired of it. In addition, he implied that he was not "getting anywhere" in this line of work. His attitude along these lines is best illustrated by his response to the question, "Why did you want to go into business for yourself?"

> Well, I've been in factory work for many years now and it was killing me. I've done everything, including production manager, and I could never relax. They were taking advantage of me. The older I got the longer my hours were. I was doing everything--not only on the creative side, working with moulders and casters--but I also had the production too--getting the stuff manufactured. They never let me relax, so I gave it up. I decided to do something where I could relax...I was under such tension it just ruined my nervous system.

There does not seem to be any special reason why he decided to go into the cookie store business in particular. He was just "sick and tired" of factory work and wanted to get out of it. He read the newspapers to see what he could find, and one day came across the notice of a cookie store for sale. It was thus sheer chance that he happened to become the proprietor of a cookie store rather than some other business. In his own words:

> I was looking for something out of the ordinary. There is no one around who carries large quantities of bulk cookies and candy and so when I came across this business in the paper I became interested... I just read the paper. I was ready for anything.

Two sisters had been running the business before Mr. Gould. Their stated reason for wanting to sell out was that they were worried about leaving their small children alone. In addition, however, they had not been doing a very successful business, and this was probably the most important reason for their desire to rid themselves of the business. Gould was apparently aware that the business had not been very successful, but he nonetheless felt that it was still worth a gamble. As far as he was concerned, nothing could have been any worse than his continuing in factory work. Thus, he bought himself a business, using money from his savings.

Locational Factors. Gould's Specialties was centrally located on a major traffic artery. The area in which it was situated was primarily industrial and commercial. Nearby enterprises included textile mills, a fairly large barroom, a shoe store, and a package store. The area was old, and the few residents were primarily of foreign stock, although no single nationality group stood out prominently above the others. However, a point that Mr. Gould mentioned in connection with the composition of the population is that it was predominantly Catholic--a fact which he believed did not help his business:

> I'm not sure, but I think it's about 90-percent Catholic around here and, of course, we just had 40 days of Lent which isn't good for something like this.

There were other, more important locational factors, however, which provide even better explanations of the poor business Gould's Specialties did. Outstanding among them was the low socio-economic status of the local population. Mr. Gould was well aware that this did not represent any asset to the business:

> The people around here are mainly workers, the sort of people who just don't have a dollar or two to squander.

The business was located in an old structure, and presented a very inconspicuous appearance from the outside. It was hard to spot while driving by in a car; someone who was not aware of its existence would probably not notice it, even though the external appearance of the business was otherwise moderately attractive.

Inside, the premises were clean, well-lighted, and presented a generally wholesome atmosphere. Moreover, the cookies were nicely arranged in boxes along the wall. Although somewhat crowded, the display was nevertheless neat and orderly. In short, there was nothing about the physical appearance of the business--aside from its inconspicuousness--that might have impeded its growth.

What was true for the business itself was not, however, true for the location in general. In addition, Mr. Gould said:

> There is no place to park except at the meters. Also, the delivery trucks have a tendency of parking right in front of the store which prevents persons from driving up and running in for some cookies.

On the positive side, however, Aaron Gould regarded the location as good in that the city's population was very densely settled, a factor particularly crucial for a business which dealt in a highly specialized market. Moreover, he said he could depend on the surrounding communities for a large reserve of potential customers who would prefer to do their shopping in the area rather than driving downtown.

It should perhaps be stressed at this point that Gould seemed to be entirely cognizant of his location problems, and that he seemed to be aware of the fact that any positive factors were heavily outweighed by the negative ones. However, in view of his obvious dissatisfaction with factory work, he was apparently willing to gamble on anything. From the start, he tended to regard his venture as nothing more than a gamble... "I was speculating."

Business Decline. All along he emphasized his plan to close the business if it did not develop to a point where it was providing him with a comfortable living. This is exactly what happened. The business never approached the point where it was supporting him in a style which he thought it should. Thus, after operating the business unsuccessfully for 1 year, Aaron Gould liquidated Gould's Specialties.

Business was poor from the very beginning, and it never improved much. The failure of the business, however, can hardly be attributed to a lack of effort or motivation on Gould's part. On the contrary, he very much wanted the business to succeed, and he worked very hard to see that it put in sidelines of candy, potato chips, and other sundries, in hopes that a greater variety would stimulate an increase in business.

He engaged generally in sound business practices. For example, he determined his markup on the basis of the prices charged by the larger chain stores, and deliberately set his prices lower. Because he bought loose cookies in bulk form, and because of his relatively low overhead he was in a position to undersell the chain stores and still realize a sizable gross profit (33 1/3 percent on cookies). His efforts to attract business by offering his wares at the "best" prices did not, however, have any significant effect on his sales volume--a fact which, to say the least, annoyed him very much.

Mr. Gould also engaged in advertising that was designed to spread word about his cookie store throughout the local area. This consisted of distributing leaflets (5,000 of them) to the homes in the area and putting them on car windshields. Although this "best possible way of advertising" enabled Gould to pick up a few additional customers, it was not sufficient to improve business enough so that he was able to make a financial success of it.

Finally, he adopted the practice of having special sales every week. Again, this enabled him to pick up additional customers. These additional customers, however, were largely interested in the sale item only, and in general, his specials were not very effective in building up the volume of business. His comment on this phase of operation was:

> I always have weekly specials. This, of course, is to attract customers. It helps a little the first time but not too much thereafter.

Gould's Specialties was closed because, after a year, it failed to provide the Goulds with a "livable income". If the Goulds had not had any savings on which to live, they never would have been able to keep the business going as long as they did. Gould had enough business sense to know that it was foolish to continue to throw "good money after bad" until his savings were exhausted. Since the business never picked up enough to enable the Goulds to discontinue their reliance on their savings, they closed the business.

Reprinted from The First Two Years: Small Firm Growth and Survival Problems, SBA, 1961.

QUESTIONS

1. Identify Mr. Gould's goals and indicate whether they were realistic (i.e., Could Mr. Gould attain his goals through Gould's Specialties?).

2. Evaluate Mr. Gould's personal characteristics and resources in terms of his ability to realize his goals.

3. Identify and discuss the factors (both external and personal) which caused Mr. Gould's business to fail. Indicate which factor contributed the most to the decline.

Student Information Sheet #7

Interviewers ____________________

INTERVIEW FORM

____

Business ____________________

A. OPENING

1. When did you open this business?

2. Why did you go into business?

3. What made you choose this particular line of business?

4. How long did you plan to open this business? What plans did you make?

5. In considering the opening of this business, did you seek advice from any of the following?

   a. Suppliers?

   b. Bankers?

   c. Businesspeople in noncompeting lines?

   d. Businesspeople in competing lines?

   e. Family? Friends?

   f. Government Agency?

   g. Others?

   What advice did you receive from each?

B. LOCATION

6. Why did you locate here?

7. How did you find this particular location?

C. ADVERTISING

8. Did you advertise your opening? Where?

9. Do you advertise now? How often? What kind?

D. BUSINESS PRACTICES

10. What kind of goods do you sell?

11. What price line of goods do you carry--low, average and/or high?

12. Who are your customers (e.g., children, men, women, high-income, etc.) Do you focus your sales effort on a small, medium or large area?

E. RECORDKEEPING

13. Who keeps your records (e.g., self, employee, outside accountant)?

F. ORGANIZATION

14. Is this business incorporated or is it a proprietorship or partnership? Why did you choose this form of organization?

15. How many people do you employ?

16. Do you feel you are successful?

G. BACKGROUND

17. Is this the first business that you have owned and managed?

18. What other jobs have you held?

19. Have you ever had any special training for a career in business?

20. When did you first decide that you wanted to own a business of your own?

21. Why do you want to be a businessperson (e.g., profits, prestige, own boss)?

HOW TO MAKE A LAST-PLACE PRODUCT A BANNER SUCCESS

THE NEW YORK METS MAY
NOT WIN MANY BALL GAMES,
BUT THEY WIN CUSTOMERS
IN DROVES THROUGH A SENSE
OF FAN PSYCHOLOGY, A
SPARKLING STADIUM AND
A BLITHE SPIRIT -- CASEY

As the New York Mets trotted out on the turf at Shea Stadium this week, they were involved in much more than opening the National League season. They had the chore of sustaining the run of a marketing drama that, for three years, has dazzled and mystified grizzled observers of the big-business ballgame.

The Mets may not resemble marketing men, or always perfect ball players for that matter. But this year, they must somehow continue to sell the lowly Mr. Met as if he were Proctor and Gamble's Mr. Clean.

Up to now, of course, they have accomplished the latter with stunning success, as their climbing attendance shows (see table). Their draw for 1964, practically double that of the club's first year, represented the second highest in all baseball, topped only by that of the L.A. Dodgers.

The cause of this mass onslaught on the Mets' box office has prompted all kinds of bewildered conjecture. More conservative types have concluded that last year's performance was largely due to the club's new ball yard (which seats 55,000) and having the World's Fair about a home-run shot away. The most popular speculation, however, is that the chronic cellar-dwellers' main attraction is based on a losers' mystique -- since everyone loves the downtrodden.

Lost in all this sage thinking, though, is the fact that the Met management, before the makeshift club ever took the field, had devised a model marketing plan for a new product introduction, based on:

Analyzing the present market and its potential.

Playing up the product's special pluses.

Cashing in on the competition's lapses.

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Tenth-Place

Attendance Prosperity

1962	922,530
1963	1,080,108
1964	1,732,597
1965	2,000,000?

In 1961, the Met organization began to take shape, in a manner of speaking, under the direction of president George M. Weiss, formerly the long-time head of the New York Yankees. On the surface, the chances of building a big Met following seemed as remote as Candlestick Park. For New York's austere American League entry, the Yankees had had local baseball all to themselves since 1958 -- when the two National League teams, the New York Giants and the Brooklyn Dodgers, bolted to San Francisco and Los Angeles, respectively.

The Yankees, then, had four years to woo wistful National League fans to Yankee Stadium, and to expand their basic marketing area -- Westchester, Connecticut, New Jersey and upper Manhattan -- to Long Island and other parts of the city. They booted the chance, with obliging nearsightedness, being content to win pennants and lose customers. And they also dismissed the incomparable and ageless Charles Dillon "Casey" Stengel as the Met manager in October, 1961.

Aided by Yankee unconcern, the Met promotional strategists sold nostalgia and Casey right from the start. "We knew that New York was basically a National League town," says James K. Thomson, vice president and business manager, "and we steadily stressed that we were bringing back that kind of baseball." Going with this pitch, Weiss waived on promising youngsters in the player draft and bought older National League hands (fading or not), instead. The original Mets included such New York favorites as Gil Hodges, Richie Ashburn and Clem Labine.

Club representatives, meanwhile, were available for speaking dates all over -- particularly in Long Island, neglected by the Yankees and handy to Flushing, where the new stadium was to rise. "We felt we had a special commodity in Casey, and we used him heavily," recalls Julius Ochs Adler, Jr., the Mets' first promotions director. This meant, among other things, that Casey commanded the Mets' float in Macy's 1961 Thanksgiving Day Parade--even before the Mets made their maiden errors in the Old Polo Grounds.

New Slants on Old Pitches

The Polo Grounds, long since deserted by the Giants and run-down before they left, was a fairly uninviting ball park. But the Mets poured several hundred thousand into improving it, and the club was off and bumbling. No one seems to know exactly when the stampede began, but more and more fans piled into the PG -- some of them carrying banners with words of encouragement for their favorites. Park police didn't greet the first banners kindly, but this attitude changed quickly as the "new breed" rocked the stadium with roars of "Let's Go Mets!".

These pleas sometimes failed to reach the players (who won 40 of 160 games in 1962). But they penetrated to nearby Yankee Stadium, where attendance sagged to 1,493,574 from 1,747,725 in 1961 -- when the club had no competition. The Mets pulled 922,530 in 1962 -- whereas the Giants had drawn only 657,000 in their last year at the PG.

Much of this multitude was attracted by special promotions -- the kind of thing that's been a part of baseball for years. But the Met promotion men took their cue for "Nights" and other events from the fans. In 1962, for instance, the faithful began bringing cameras to the park and, as a result, a Camera Day was started -- when fans could crowd around near the dugout for shots of their heroes. Banner Day, of course, is now a Met institution, when prizes are given for the choicest inscriptions (there were 1,100 entries in 1964). Some of the other "Nights" and "Days" in 1962 included: Family Day (when the ball players' kids put on a brief game), Musial Night, Hodges Night, Home-run Hitting Contest (an old event, but last year the Mets opened it to all kinds of athletes), Old Timers' Day, and on and on -- most of them familiar but, with the Mets, tailored thoughtfully to the fans' taste. The mighty Casey, himself, suggested Cab Drivers' Day.

In 1962, Casey marked 50 years in the big leagues and the Mets marked one year in the PG -- both events to publicize. For the Mets, however, a new promotion theme centered about "The Mets Are On The Move" -- suggesting they would be in new Shea Stadium in 1963. They weren't, of course, for the Flushing park wasn't ready. But attendance boiled up over a million at the PG as banners waved, old stars such as Duke Snider had "Nights," and the club lost 111 of 162 games. The Yankees won another pennant and dipped to 1,308,920 at the gate.

Stengel to Shea to Chance

Last year, of course, in spangled, spanking new Shea Stadium, the Mets drew still more fans -- which so aroused them that they won 53 games (a new Met high) out of 162, but still were not menaced for the cellar spot. The Yankees (glowering by now) copped the American League flag as usual, but attendance kept sliding to 1,305,638 -- some 400,000 below the Mets.

The World's Fair is a handy backdrop for Shea but a Met official does not believe it contributed heavily to the 1964 gate. "Most of our following," he says, "comes from Long Island, New York and Connecticut."

If the New York fans have welcomed the Mets, so have a variety of companies. This year, again, the club's radio and TV coverage will be sponsored by Liebmann Breweries, Rheingold beer and Brown & Williamson's Viceroy smokes. Bohack, King Korn Stamps, Howard Clothes and Borden's among others, continue tie-ins with the magical Mets. Marine Midland Trust Co. and Federal Bank & Trust Co., have steadily featured the Mets in advertising, and a new promotional movie, "It's a Met, Met, Met, Met World," is now on display at a Federation Bank branch.

What about the 1965 season? The Fair, of course, will still be on and the Mets have added such attractions as Yogi Berra, another castoff Yankee manager, and Warren Spahn, the great left-hander. James Thomson, on the basis of the advance ticket sale, has set a goal of 2 million in attendance. The promotions, handled by Arthur Richman, promotions director, won't be more numerous but will follow the same novel course.

Some cynics have suggested -- in line with Mets' appealing last-place posture -- that the club will lose fans if it creeps out of the cellar. Met officials, naturally, call this "ridiculous" -- pointing out that the club has other charms besides losing. This makes sense, for most observers don't believe New York fans will continue to delight in inept performance. And the glamour of the Fair and the ball park, in 1965, won't be enough to compensate for the lack of base hits. However that may be, the Mets' marketing saga is still an exciting one, though no one can safely predict how long it will last.

THE MARKET

Define these terms:

Market--

Need--

Survival Needs--

Psychological Needs--

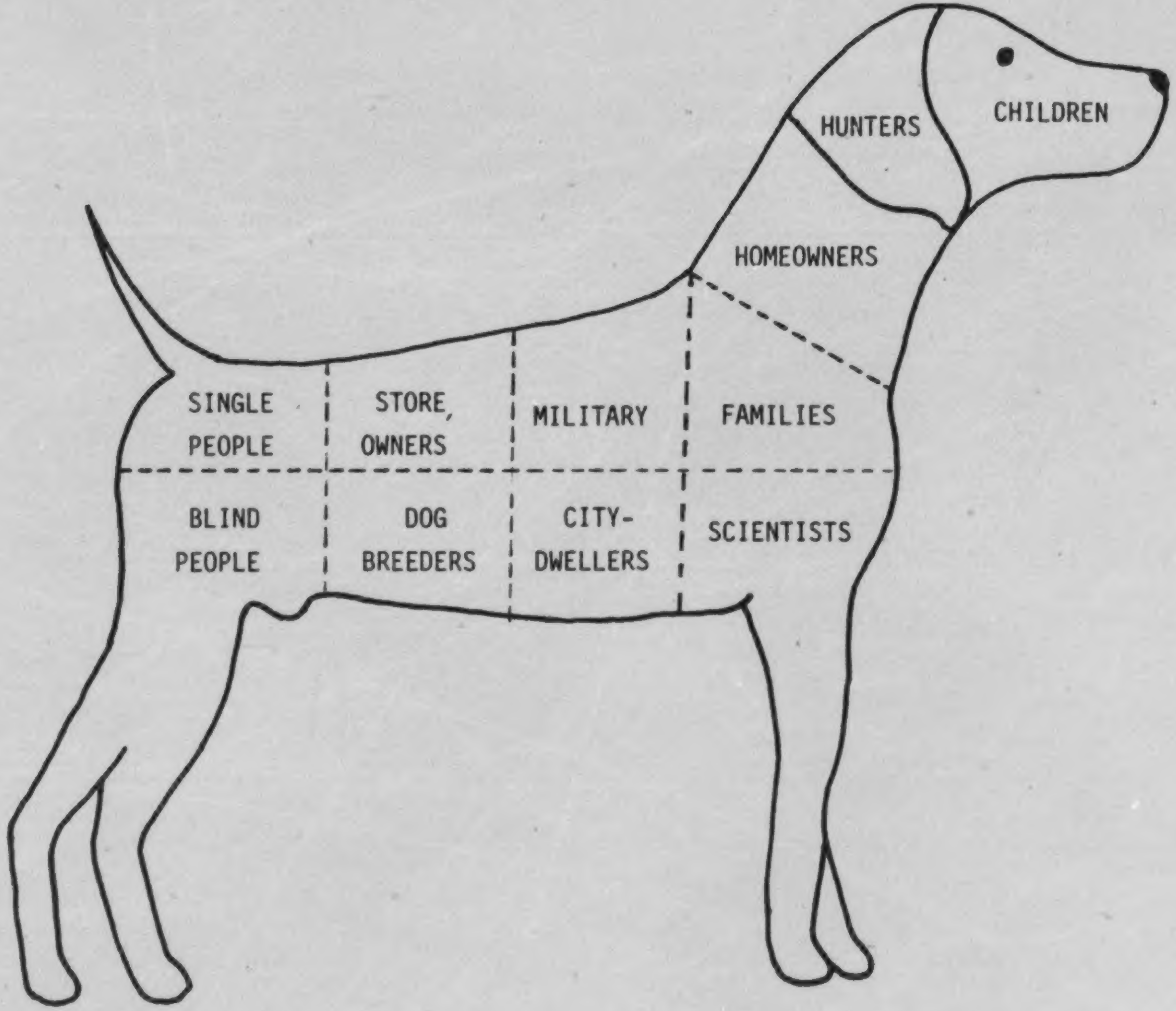
Luxuries--

Disposable Income--

Discretionary Income--

Subsistence Income--

SEGMENTING THE MARKET FOR DOGS


HUNTERS
CHILDREN
HOMEOWNERS
SINGLE PEOPLE
STORE OWNERS
MILITARY
FAMILIES
BLIND PEOPLE
DOG BREEDERS
CITY-DWELLERS
SCIENTISTS

Student Information Sheet #10

Student Information Sheet #11

THE SIX STEPS OF MARKETING RESEARCH

1. DEFINING THE PROBLEM

In this step, the problem is clearly and accurately stated in order to determine what issues are involved in the research, what questions to ask, and what types of solutions are needed. It is a crucial step and should not be rushed. Time and money spent on determining the exact nature of the problem frequently saves time and money on the overall project.

2. MAKING A PRELIMINARY INVESTIGATION

The objective of preliminary investigation is to develop a sharper definition of the problem and a set of tentative answers. These tentative answers are developed by examining the internal facts and the published data and by talking with persons who have some experience with the problem. These answers are tested by further research to determine the ones which appear to be the solution to the problem.

3. PLANNING THE RESEARCH

At this stage, the researcher knows what facts are needed to resolve the identified problem and what facts are available. He/she compares the two sets of facts and makes plans on how to gather the data. Some of the techniques he may use are questionnaire surveys, sales forecasting, market measurements, motivation research, operations research, and specialized quantitative techniques.

4. GATHERING FACTUAL INFORMATION

Once the basic research plan has been completed, the information can be collected--by mail, telephone, or personal interview. The choice depends on the plan and the available sources of information.

5. INTERPRETING THE INFORMATION

Facts by themselves do not always provide a sound solution to the market research problem. They must be interpreted so as to determine the choices which are available to the business manager. In addition to weighing facts, the researcher must consider the intangibles that may be part of the situation. Then, by searching for the meaning of objective facts, he/she can come to a reasonable solution to the problem.

6. REACHING A CONCLUSION

Sometimes the conclusion is obvious when the facts are interpreted. According to the facts, the logical thing to do is such and such. However, in some cases, reaching a conclusion may not be so easy because of gaps in the information or intangible factors which are difficult to evaluate. If, and when, the evidence is insufficient, it is important to say so when drawing a conclusion.

SOURCES OF INFORMATION

Federal Government

- Small Business Administration--SBA issues a wide range of management and technical publications designed to help owner-managers and prospective owners of small business, including:
    - SMALL BUSINESS BIBLIOGRAPHY SERIES
    - STATISTICS AND MAPS FOR NATIONAL MARKET ANALYSIS
    - NATIONAL DIRECTORIES FOR USE IN MARKETING
    - MANAGEMENT AIDS FOR SMALL MANUFACTURERS
    - SMALL MARKETERS AIDS
    - SMALL BUSINESS MANAGEMENT SERIES
    - STARTING AND MANAGING SERIES
    - STARTING AND MANAGING A SMALL BUSINESS OF YOUR OWN

- Bureau of the Budget
    - STANDARD INDUSTRIAL CLASSIFICATION MANUAL
    - STANDARD METROPOLITAN STATISTICAL AREAS
    - STATISTICAL SERVICES OF THE UNITED STATES GOVERNMENT

- Department of Commerce--publishes statistical and business information which can be useful to the small business owner/manager, including:
    - FACTS FOR MARKETERS
    - A GUIDE TO NEGRO MARKETING INFORMATION
    - MEASURING MARKETS: A GUIDE TO THE USE OF FEDERAL AND STATE STATISTICAL DATA
    - CENSUS OF BUSINESS: RETAIL-AREA STATISTICS--U.S. SUMMARY
    - CENSUS TRACT MANUAL
    - COUNTY BUSINESS PATTERNS
    - DIRECTORY OF FEDERAL STATISTICS FOR LOCAL AREAS
    - COUNTY AND CITY DATA BOOK

Local Government

- Regulatory Agencies (i.e., taxation, licensing)
- Regional Development Agencies

Nongovernment

- Chamber of Commerce
- Directories--offer valuable information for small business owners who need to keep abreast of a variety of services and products in today's complex marketplace. Such directories help the small manufacturer to keep current on the names and addresses of distributors who can reach the markets for his/her products.
- Trade Associations--One of the primary functions of a trade association is to act as a clearing house for information passing between members of the industry, between the industry and Government, and between the industry and the general public.
- Suppliers--valuable sources of information because they are familiar with the demand for products and the buying trends.
- Merchants Associations
- Entrepreneurs
- Banks and Loan Associationss
- Lawyers
- Accountants
- Magazines and Journals--the following list of business and professional magazines often publish articles helpful to marketing research.
    - ADVERTISING AGE
    - ADVERTISING AND SALES PROMOTION
    - BUSINESS HORIZONS
    - BUSINESS WEEK
    - HARVARD BUSINESS REVIEW
    - INDUSTRIAL DISTRIBUTION
    - SALES MANAGEMENT
    - INDUSTRIAL MARKETING
    - JOURNAL OF ADVERTISING RESEARCH
    - JOURNAL OF BUSINESS
    - JOURNAL OF MARKETING
    - JOURNAL OF MARKETING RESEARCH
    - MARKETING/COMMUNICATIONS
- Libraries and Bookstores

Student Information Sheet #13

MARKETING RESEARCH PROBLEM
FOR
A SPORTING GOODS STORE

Your aunt has just bought a sporting goods store and she wants you to help her stock it and manage it. Your marketing research problem is to discover what goods you should carry.

To determine the sporting goods lines that will sell in your community, you must examine the geographical location of the community, the consumers, and the competition.

LOCATION: Geography greatly influences regional sport preferences. For example, communities located near a river, lake or ocean have a particular need for water sport supplies. Communities located near ski slopes would have a seasonal demand for ski equipment. Rural areas tend to have more people that fish and hunt whereas urban and suburban areas have more tennis players and golfers.

Determine how geography will affect the sporting goods needs of the consumers in your community.

CONSUMERS: The age of consumers will influence their sporting goods preferences. The youth market (ages 15-34) prefers tennis, backpacking, and skiing more than the 35-50 year olds who prefer golfing and fishing. The income and education of consumers will also influence spending habits. Blue collar workers generally spend more on hunting and fishing equipment whereas white collar workers spend more on tennis, golfing and boating equipment.

Determine the average age, income and level of education in your community.

COMPETITION: Your most direct competition will come from well-established sporting goods retailers who carry similar goods and large department stores which sell sporting goods at discount prices.

Determine the extent of your competition.

FACTS ABOUT THE SPORTING GOODS MARKET:

(1) A profitable sporting goods store usually depends on a trade area serving 25,000 to 50,000 people.

(2) The major purchasing segment of the sporting goods market are the 18-34 year olds.

(3) Consumer preferences for sporting goods are constantly changing.

GUIDELINES

You should solve your marketing problem (i.e., What kinds of goods should I carry?) using the six steps of marketing research.

In Step 1, Defining the Problem, you should answer the following questions:

(1) What is the potential market?

(2) What are the consumers' needs?

(3) Are their needs being met?

(4) Can the market support the business?

Use the sources of information listed on SIS #12 to help you solve your problem.

DIRECTIONS

For each question [(1) What is the potential market?; (2) What are the consumers' needs?; (3) Are their needs being met?; (4) Can the market support my business?] write your answer on a sheet of paper along with the sources you used to answer the questions. Remember that these questions refer to your own community.

From the collected data decide what kinds of goods you should stock your aunt's store with and record this on a sheet of paper.

THE MARKETING MIX

The marketing mix is a term used to describe the four elements (product, price, promotion, distribution) that a business can control and vary to reach its market.

Product - consists of both tangible and intangible features which can be varied to satisfy specific consumer needs -- psychological as well as physical.

Price - a business' pricing policy must be flexible enough to vary according to changing consumer needs and competition.

Promotion - is the communications between buyer and seller. It includes advertising, sales promotion, personal selling and public relations.

Distribution - involves getting products from the producer or seller to the intended customers.

Goods and Buying Behavior

Depending on the buying behavior of a business' target customers, products may be classified as convenience goods, shopping goods, unsought goods or specialty goods. Below are definitions of these classifications:

1. CONVENIENCE GOODS -- what a business' target customers buy regularly and without much thought. Convenience goods may be further classified as either impulse goods (something a customer hadn't planned to purchase, such as chewing gum at a checkout counter), staples (items used regularly, such as food and health aids), or emergency goods (items unexpectedly needed such as an umbrella).

2. SHOPPING GOODS -- expensive items worth comparative shopping (e.g., cars, kitchen appliances, and jewelry).

3. UNSOUGHT GOODS -- items that are new on the market and unfamiliar to consumers (e.g., cars with rotary engines, soft contact lenses, and 120 mm cigarettes).

4. SPECIALTY GOODS -- a brand name item that consumers are willing to insist on (e.g., Crest* toothpaste, Converse* sneakers, Gillette Foamy* shaving cream, Garrard* turntables).

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* Trademark

Student Information Sheet # 16

PRODUCT LINE AND PRODUCT MIX

PRODUCT LINE -- a group of products that have similar uses and physical characteristics.
Examples: sporting goods, men's apparel, beauty aids.

PRODUCT MIX -- the collection of product lines offered by a store.
Examples: (1) sporting goods store -- golfing equipment, ski equipment, tennis racquets, basketballs, baseball bats; (2) men's clothing store -- men's furnishing (shirts, ties, underwear), men's ready-to-wear (suits, sport jackets, topcoats, slacks); (3) drug store -- beauty aids, health aids (cold remedies, toothpaste, pain killers), infant goods (diapers, baby food, pacifiers).

BREADTH -- the number of product lines offered by a business.

DEPTH -- the assortment of models offered within a product line.

Popular Methods Used in Pricing

Full Cost Pricing

Many business people take the view that the price on each product sold in their store must cover all the costs of that particular product. This means that the price set will include labor, materials, overhead costs -- including procurement expenses -- and a predetermined percentage for profit. For example, a furniture manufacturing company determines its direct labor and material costs, and adds a fixed percentage to arrive at a price figure. A grocery store manager may apply the same formula. He calculates his actual costs to purchase an item, the pro-rate share of fixed expenses for the space that the article will occupy on his shelves, and adds his "standard" markup to the article, thus arriving at the sale price.

However, rigid adherence to this method of pricing is the exception, rather than the rule. Many small business people profess a liking for the full cost pricing policy, but when it comes down to really establishing their prices, their decisions are influenced by a variety of factors, not the least of which is consumer demand.

Flexible Markup Pricing

A more common practice is to use these same full costs as a guide to establishing a "floor," below which average prices are not allowed to fall. It becomes a reference point, and the merchant works from it with flexible markups. Thus, the merchant who follows this method of price setting can adjust to the changes in consumer demand (or competition) while still protecting himself from errors in pricing his merchandise too low.

Going Rate Pricing

For some types of business, there are other circumstances under which pricing does not involve reference to cost estimates. While these firms do not ignore costs in their pricing, considerable emphasis is placed instead on competition, and the prices people are willing to pay. A good example of this would be a nursery. Costs are rather difficult to determine because of the time it takes for plants to mature, and the variable effects of weather on crop yield. Consumer demand, as well as competitive conditions, appears to be the key influence in pricing this merchandise. Management must pay considerable attention to what competitors in their own locale are charging. Markup has relatively little meaning because of uncertain costs.

In another example, a radio and television repair shop, the owner charges a standard price on every service call and each shop job, without regard to time put on the job. Naturally, this practice does not involve the use of a markup on each job.

It becomes obvious, therefore, that when it is difficult to determine either full cost or wholesale cost of an item, markups cannot be used effectively in price determination. Analysis of the firm's profit and loss statement may indicate the necessity for price changes, but one cannot readily say that a specific percentage of margin figure can be applied in the pricing.

Gross Margin Pricing

Many retail firms determine their prices on the basis of wholesale costs rather than full cost. They add a markup -- sometimes referred to as gross margin -- either as a percentage of wholesale cost or as a percentage of the retail price.

While these markups reflect costs, demand influences, regional purchasing habits, etc., the point is that estimates of these various costs do not normally enter into the pricing decision. For example: A variety store may classify certain items as "competitive" and add a 50% markup over the wholesale price. On other non-competitive items, a 100% markup may be applied to the wholesale price.

Firms using the gross margin method of pricing usually do not apply the same margin on all items and do not use the same margin at all times. It is more profitable to the store management to take into account the effect of different prices on sales volume. Careful analysis reveals which items will bear high markups and which require low markups for desired sales volume.

Suggested Pricing

Another simplified approach to pricing that is often adopted by small firms is to follow external guides. One example of this pricing practice can be seen where retailers accept price suggestions by manufacturers or their wholesale suppliers. In these cases, there are, of course, management attempts to keep overall costs in line with profits from normal sales volume.

Reprinted from Merchandise Pricing, SBA, Washington, D.C., 1970.

ADVERTISING MEDIA

RADIO ADVERTISEMENTS

Characteristics

- local
- preselected audience
- low in cost
- can be changed frequently
- can transmit persuasion and urgency through the human voice
- must be repeated frequently
- copy must be brief
- flexible as to time of day

Types

- participating program spot - 1 minute or shorter ad aired at a specific time
- run-of-station spots -- ads broadcast whenever time is available, as decided by the station

NEWSPAPER ADVERTISEMENTS

Characteristics

- reach a large number of people at a low cost
- come in contact with a large number of people on a day-to-day basis (or at least weekly)
- intensive coverage
- can fill a whole page or a square inch
- easily and quickly changed
- can be placed in special sections of the newspaper to preselect the audience
- quick results

Uses

- retail and service advertising
- advertise special events such as feature sales

DIRECT MAILING/FLYERS

Characteristics

- selective
- flexible ad size and message length
- expensive in terms of money spent versus size of audience
- effective

Uses

- solicit mail-order or phone-order business
- announce new products or changes in products
- notify customers of price changes
- precede or follow up a salesperson's call
- welcome new customers
- regain lost customers
- thank customers for their patronage
- remind customers/prospects of seasonal or periodic needs
- announce special events such as feature sales

DIRECTORY ADVERTISEMENTS

Characteristics

- reach people who have already decided what to buy
- list name and address alphabetically
- may be display

Types

- general industrial directories
- directories limited to a single industry, trade, or profession
- directories for single or related groups of products
- The Yellow Pages
- catalog files

OUTDOOR ADVERTISEMENTS

Characteristics

- high frequency exposure
- especially good for products related to travel or outdoor living
- must conform to community and government regulations

Types

- posters
- painted bulletins
- billboards

ADVERTISING SPECIALTIES

Characteristics

- allow only small advertising space
- reminder advertising
- tokens of appreciation for patronage

Types

- matches
- calendars
- pens and pencils
- ashtrays

TRANSIT ADVERTISEMENTS

Types

- car cards
- traveling displays
- station posters

TELEVISION ADVERTISEMENTS

Characteristics

- limited chiefly to large marketing areas
- combine sight, motion, and sound
- UHF or VHF
- may be cooperative with national advertisers

Advertising

Select 3 magazine or newspaper ads for the same basic product (i.e., three clothing ads, three liquor ads, three car ads, etc.). Clip the ads and paste or tape them in your student handbook, then write the answers to the following questions for each ad:

1. What is the total product being marketed (i.e., physical + psychological values)?

2. To what target market is the ad directed?

3. What is the basic purpose of the ad?
   --to inform the consumer about the product
   --to persuade the consumer that they need the product and that they should buy it
   --to remind the consumer of the product

4. Is the ad's message effective? Why or why not?

5. What kind of magazine or newspaper might this ad appear in?

After you answer all of these questions for each of your ads, compare the effectiveness of the ads on a separate sheet of paper.

Student Information Sheet #20

ESSENTIALS OF GOOD NEWSPAPER ADVERTISING

Merchandise	Does the ad offer merchandise having wide appeal, special features, price appeal, and timeliness?
Medium	Is a newspaper the best medium for the ad, or would another--direct mail, radio, television, or other--be more appropriate?
Location	Is the ad situated in the best spot (in both section and page location)?
Size	Is the ad large enough to do the job expected of it? Does it omit important details, or is it overcrowded with nonessential information?
Headline	Does the headline express the major single idea about the merchandise advertised? The headline should usually be an informative statement and not simply a label. For example, "Sturdy shoes for active boys, specially priced at $6.95," is certainly better than "Boys' Shoes, $6.95".
Illustration	Does the illustration (if one is used) express the idea the headline conveys?
Merchandise information	Does the copy give the basic facts about the goods, or does it leave out information that would be important to the reader? ("The more you tell, the more you sell.")
Layout	Does the arrangement of the parts of the ad and the use of white space make the ad easy to read? Does it stimulate the reader to look at all the contents of the ad?
Human interest	Does the ad,through illustration, headline, and copy,appeal to customers; wants and wishes?
"You" attitude	Is the ad written and presented from the customer's point of view (with the customer's interests clearly in mind), or from the store's?
Believeability	To the objective, nonpartisan reader, does the ad ring true, or does it perhaps sound exaggerated or somewhat phony?

Type face	Does the ad use a distinctive typeface--different from those of competitors?
Spur to action	Does the ad stimulate prompt action through devices such as use of a coupon, statement of limited quantities, announcement of a specific time period for the promotion or impending event?
Sponsor identification	Does the ad use a specially prepared signature cut that is always associated with the store and that identifies it at a glance? Also, does it always include the following institutional details: Store location, hours open, telephone number, location of advertised goods, and whether phone and mail orders are accepted?

Bonfield's Garage Noted for the Signs It Keeps

By Denis Collins

For hundreds of motorists who pass it each day, Bonfield's Garage is a one-pump gas station on McArthur Boulevard that looks as though it belongs in some small New England town. But more importantly, it's the place with the peculiar signs.

Some are funny, like SLIPPERY OIL and RUNNY HOSE. Others, such as MUSHROOM PLUGS and MOOG BALLS, are more mysterious. And then there are the seasonal signs, the ones people wait for every year.

"I didn't put up AH SPRING till May," said 62-year-old Walter Bonfield, who lives with his wife, Althea, in the two floors above the garage.

"People were asking for it, but I don't like to announce spring 'til I'm sure it's really here."

Bonfield has been announcing one thing or another on his sign board for the past 20 years. Initially, it was a standard means of advertising. Then he misspelled one. "I only had one 'P'," he explained, "so I spelled it COLD PEBSI." He got so much reaction from people who wondered if he was being comical or just couldn't spell that he started creating a different sign each week. "It makes the traffic past here a little more personal," he said.

"I still get letters," said Bonfield, holding up a postcard from a Glenmont carpool asking the meaning of the current sign, MOOG BALLS, "It's a brand of ball joint," explained Bonfield with a laugh. "I've had five people ask about that sign today."

"One fella last year came in to buy some 'mushroom plugs' for his spaghetti. When I showed him they were rubber plugs used to patch tires, he bought one anyway. Said he wanted to give it to his girlfriend for Christmas."

His favorite story is about a doctor's car he towed into the garage. "I called his wife to tell her about the damage, but she wasn't a bit interested. She just wanted to know what sign was up, to settle a bet with some friends."

Despite the latest thing in Exxon stations just 100 yards down the road, Bonfield's signs remain a hobby and are not meant to attract more customers. His appointment calendar is filled for the next five months, and Bonfield estimates that his time is promised to steady customers for at least a year.

"Getting Wally to work on your car can take a spell," said 92-year-old Fred Popp, doing a slow jog in the warm weather. "But folks around here know it's worth the wait. When Wally fixes your car, it's fixed."

The wooden building is more than 65 years old, and even without the sign above the doorway celebrating "Our 49th Year." Bonfield's has obviously been servicing cars a very long time.

Next to the new Coke machine are advertisements for auto parts that would only fit in antique cars. And there are so many tools hanging by hooks from the ceiling and piled around the 1936 Chevrolet tow truck that a journey of more than a few feet into the garage requires a certain determination.

"There are more in the basement," said Bonfield, pointing out some of the more timeworn instruments. "And a good many of them are handmade."

His father, a former mechanic for Rolls Royce in England, was sent to the United States by the British government during World War I to buy shell casing lathes.

After the war, his father bought and sold two gas stations ("one was in the city and the other was too close") before moving into the McArthur Boulevard location in 1927.

"It was called Conduit Road back then, and it was right busy," said Bonfield after giving one of his regular customers a dollar's worth of gas and the kind of maintenance advice that television commercials would have you expect from all Texaco attendants.

"Massachusetts Avenue didn't go into Maryland in those days, so this was the only way to Glen Echo and Great Falls except for a Virginia toll road. It would get so crowded on weekends that people would park here and walk the last four miles to Glen Echo."

For the thirsty, there were three or four notorious taverns along the way. "They were real bucket-of-blood places," said Bonfield raising an eyebrow, "with cheap beer and wild brawls."

"We'd know there'd been a bad accident when the traffic was stopped for more than half an hour." With the road blocked, the tow truck would hop the B&O Railroad tracks just below the station and bounce up the wooden cross beams until parallel with the accident scene. "No, we never did run into a train. Sheriff Ferguson was always up there to make sure of that."

Bonfield and his wife have managed the garage without hired help since his father died in 1934. They have a 31-year-old son, who has a job in Washington as a commercial artist, and no desire to continue the family garage.

"I can't say that I'm sorry," said Bonfield. "He can do better than this. I've got no complaints. I love my work and I'm a right fair boss. But a man needs more security in a job today. If I get sick or injured, there's no money coming in and nobody to pay the bills but me."

But Walter Bonfield isn't planning his retirement. "I'll give it up when I can't do the job the way it should be done." Fred Popp, for one, hopes that isn't soon. He's got an appointment in November to have his brakes relined and he won't trust his car to anybody else.

Reprinted with permission from The Washington Post, July 10, 1975.

THOSE AMBER WAVES OF PERSUASION

What is sales promotion? One man who can't tell you is Stanley L. Goodman, for the simple reason that he works 12 hours a day at it. As he bustles among the writers, artists, and production girls at EGR Communications, Inc., his New York City sales promotion agency, he refuses to define the term as it is happening all around him.

"That's gotta get horsier," he snaps at an artist bent over a drawing board. "It's designed very well, but at the point of sale, you get a little horsy. Make the letters larger so people can see them: Ladies' Day Sale - Liberate Our Lumber - Special Gifts - bum da bum da bum da bum."

Though Goodman obviously lives the business, sales promotion has long confused outsiders who crave dictionary definitions. Even the Sales Promotion Executives Assn. trips over the issue occasionally. Its members currently are deciding whether to change the name of the organization to Marketing Communications Executives International.

A few years ago, Harvard Business School explored the idea of starting a course on promotion and sent detailed questionnaires to a handful of top professionals. "The questions themselves were so naive," says one man on the panel, "that they finally hauled us all up to Cambridge so we could start from scratch." Today, Harvard still has no sales promotion course, nor, for that matter, does the University of Pennsylvania's Wharton School.

Without defining it, Goodman still comes closer than most people to distinguishing his craft from other forms of commercial communication. "In advertising," he says, "you use the existing media as a channel of communication to carry your message. In public relations, you use the news segments of those same media. In sales promotion, you create the appropriate media."

A complete promotion program includes all the communications devices needed to push a product through the distribution process: direct-mail coupons to generate interest, in-store "happenings" to help close the sale, and sales training not only for the company's own salesmen, but for those of distributors and retailers as well.

"Look at a field of wheat sometime," Goodman says poetically. "Every sheaf looks the same, except for one or two taller than the rest. It's the job of sales promotion to provide that extra inch."

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CHECKLIST FOR INTERIOR ARRANGEMENT AND DISPLAY

Layout

1. Are your fixtures low enough and signs so placed that the customer can get a bird's-eye view of the store and tell in what direction to go for wanted goods?
2. Do your aisle and counter arrangements tend to stimulate a circular traffic flow through the store?
3. Do your fixtures (and their arrangement), signs, lettering, and colors all create a coordinated and unified effect?
4. Before any supplier's fixtures are accepted, do you make sure they conform in color and design to what you already have?
5. Do you limit the use of hanging signs to special sale events?
6. Are your counters and aisle tables not overcrowded with merchandise?
7. Are your ledges and cashier/wrapping stations kept free of boxes, unneeded wrapping materials, personal effects, and odds and ends?
8. Do you keep trash bins out of sight?

Merchandise emphasis

1. Do your signs referring to specific goods tell the customer something significant about them, rather than simply naming the products and their places?
2. For your advertised goods, do you have prominent signs, including tear sheets at the entrances, to inform and guide customers to their exact location in the store?
3. Do you prominently display both advertised and nonadvertised specials at the ends of counters as well as at the point of sale?
4. Are both your national and private brands highlighted in your arrangement and window display?

5. Wherever feasible, do you give the more colorful merchandise in your stock preference in display?

6. In the case of apparel and home furnishings, do the items that reflect your store's fashion sense or fashion leadership get special display attention at all times?

7. In locating merchandise in your store, do you always consider the productivity of space -- vertical as well as horizontal?

8. Is your self-service merchandise arranged so as to attract the customer and assist her/him in selection by the means indicated below:

   a. Is each category grouped under a separate sign?

   b. Is the merchandise in each category arranged according to its most significant characteristic - whether color, style, size, or price?

   c. In apparel categories, is the merchandise arranged by price lines or zones to assist the customer to make a selection quickly?

   d. Is horizontal space usually devoted to different items and styles within a category (vertical space being used for different sizes - smallest at the top largest at the bottom)?

   e. Are impulse items interspersed with demand items and not placed across the aisle from them, where many customers will not see them?

No Sale

You manage a small gift shop in a medium-sized town. Recently you hired a salesperson to supplement your selling activities. The new salesperson is a middle-aged saleswoman with 15 years experience in retail selling. During her first week working for you, you overhear the following conversation which she is having with a regular customer of yours:

SALESPERSON: Good afternoon, may I help you?

CUSTOMER: No, I'm just looking, thank you.

[Customer browses.]

SALESPERSON: There's a Father's Day Sale on gifts for men at this display counter. We have a fine selection of wallets, pen and pencil sets, and bar paraphernalia. They're all really good buys. Why don't you have a look?

CUSTOMER: No I'm not really interested.

SALESPERSON: You won't find nicer gifts for Father's Day at a better price anywhere else.

[Customer picks up a porcelain figurine.]

SALESPERSON: That's not something you'd want to give a man. This desk set here is made of beautiful teak wood and it's only $15.99. Would you care to look at it?

CUSTOMER: No...I don't see anything I want. Thank you, anyway.

[Customer walks toward door.]

SALESPERSON: Thank you for looking. Come again.

[Customer exits.]

CREATING A PROMOTIONAL PROGRAM

FIRST: Determine promotional objectives.

- a) Provide information
  - inform market of availability of goods
  - usually takes several months with new product
- b) Stimulate demand
  - for type of product
  - for specific brand
- c) Differentiate the product
  - convince consumers your product is better, unique, not the same as the competitor's product
  - easier with some products (e.g., watches vs. sugar)
- d) Accentuate the value of the product
  - provide more uses for a product (e.g., Arm & Hammer Baking Soda)
  - provide status
- e) Stabilize sales
  - most businesses' sales are somewhat cyclical or seasonal (i.e., ice cream stores)

SECOND: Identify target market segments.

- a) What are the characteristics of the target customers?
- b) What are their needs and preferences?
- c) How many are there?
- d) Where do they live and work?

THIRD: Develop relevant and effective messages to reach these market segments.

FOURTH: Select appropriate techniques to transmit these messages.

- a) Determine promotional blend
  - funds available
  - geographic scope of market
  - concentration of market
  - type of customers (i.e., industrial users, middlemen, household consumers)
  - kind of goods (i.e., industrial, convenience, shopping, or unsought goods)

b) Determine promotional strategy
  - stress personal selling (e.g., product which requires demonstration, product which has a high unit value, etc.)
  - stress advertising (e.g., to differentiate the product, when the market is widespread, etc.)
  - stress sales promotion (e.g., with impulse goods, staples, emergency goods, and sales items)
  - stress cooperative advertising (e.g., when retailer can benefit from status of manufacturer)

c) Determine frequency and timing (e.g., when should a business advertise?)

FIFTH: Determine the necessary costs associated with the promotional activities and corresponding revenues.

Determine how much should be spent on promotion in relation to
- age of store
- type of store
- size of store
- location of store
- size of market area
- competition

SIXTH: Evaluate program effectiveness

THE ELEMENTS OF DISTRIBUTION

1. Producer or Manufacturer

2. Middlemen

   a) Wholesaler -- a middleman who buys products from the producer and sells them to retailers, institutions, industries and government agencies; does not sell in significant amounts directly to the ultimate consumer.

      Examples: (1) a nursery that sells plants to retail nurseries and landscape architecture firms; (2) a food supply house that sells to local grocery stores and restaurants; (3) a laundry that only services restaurants, hotels, and hospitals.

   b) Retailer -- a middleman who sells directly to the consumer; usually buys products in large lots from a manufacturer or wholesaler and sells them to his/her customers in small individual sales.

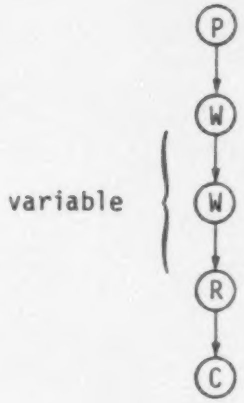
      Examples: (1) tree service, (2) motel, (3) insurance agency, (4) gift shop, (5) clothing store.

3. The Consumer

Student Information Sheet #27

CHANNELS OF DISTRIBUTION

1. Long Channel of Distribution

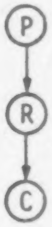


Use for products that are:
- small
- inexpensive
- bought in small amounts
- considered convenience goods

Target Market: large and widely scattered

P = producer
W = wholesaler
R = retailer
C = consumer

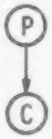
2. Medium-Short Channel of Distribution



Use for products that:
- customers will travel fairly long distances to buy
- are bulky and hard to transport
- require servicing
- are considered shopping goods

Target Market: local

3. Short Channel of Distribution



Use for products that are:
- bulky
- heavy
- perishable
- services

Target Market: local

Student Information Sheet #28

DISTRIBUTION CHANNEL LENGTH

Trace the distribution channel for each of these products. Draw a diagram of the channel as we did in class (P = producer, W = wholesaler, R = retailer, C = consumer). List the reasons why you chose each particular channel length.

PRODUCT	CORRECT CHANNEL LENGTH	REASONS
(1) Package of cigarettes		
(2) Automobile		
(3) hand-dipped ice cream cone		

Student Information Sheet #29

INTERNAL AND EXTERNAL VARIABLES OF MARKETING

External

-- Market demand: economic and behavioral	Buying power, number, location, motives, behavior, size, age, sex, race, religion, cultural tradition.
-- Political/legal	Truth-in-advertising, truth-in-lending, discrimination, pollution laws, zoning, blue laws, wage-price freezes.
-- Social/ethical	Consumerism, company image.
-- Competition	Industry, other products, substitutes.
-- Technology	Obsolescence, new methods and new materials.
-- Distribution structure	System by which goods flow physically from producer to ultimate user, i.e., tropical fish can only be sent by air and there is no airport in your town.

Internal

-- Non-Marketing resources	Production, financial, personnel capability, location.
-- Marketing mix	The term used to describe the four key aspects of a business' marketing system: - product - price - promotion - distribution
Product	Product line, changing existing products, adding new ones, branding, packaging, color, service, guarantees, repairs, warranties.
Price	Base price, discounts.
Promotion	Advertising, personal selling, sales promotion, image, media.
Distribution	Somewhat external and fixed; still can choose whether to sell, e.g., perfume, through discount, high fashion, door-to-door, drugstores, or jewelry stores.

Student Information Sheet #30

A GOING-OUT-OF-BUSINESS ANNOUNCEMENT

Dear client:

The time has come for me to retire. I am 66 and tired.

Nobody has come along to carry on the business, so I have determined to liquidate. This is a hard decision, for my store has been a unique part of the local scene for nearly 29 years.

Starting now you may have anything in the entire store at 30-60% off--furniture, fabrics, lamps, rugs, accessories. It will be cash and carry, with a 10.00 charge for delivery in the Washington area.

No public announcement of this "going-out-of-buisness" sale will be made until July.

I hope that we have served you well over the years and that now you will find our demise a money-saving opportunity.

Sincerely,

John Rodgers

John Rodgers
Modern Furniture, Inc.

Student Information Sheet #31

QUALITATIVE PROBLEM SOLVING

This approach is based upon the way many people actually seem to solve problems in real life situation. It is primarily designed to be utilized in those problem-solving situations where group problem-solving is considered to be the most effective method.

Some of the considerations involved in the choice of a group problem-solving approach include a problem situation that touches a large number of people, has the potential for serious group or organizational impact, where something can actually be done to resolve the problem, where group acceptance is an important factor, and where needed information may be relatively unavailable to individuals.

A satisfactory group solution to a problem can be developed by looking at the problem situation as a dynamic system. The system is composed of mutally interdependent elements consisting of the problem definition, expected results, possible solutions, assumptions about the problem situation, and the available facts. Each of these elements can be seen to act upon and influence the others, ultimately working together to produce an acceptable problem solution.

By using a combination of a structured sequence of steps and a free flowing interchange of ideas, bounded by general rules, a high quality-high acceptability solution can be generated that will meet the problem requirements. The approach, to be effective, requires problem-solving group members who: have a stake in the outcomes, have access to the facts, are willing to maintain a task focus, will listen to the inputs of others, and can devote the necessary time to obtain a good solution.

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INSTRUCTIONS FOR USING THE PROBLEM SOLVING QUADRANT

PREPARATION. Construct the quadrant diagram (Figure 1) on newsprint.

STEP ONE. Complete the "problem" block in the quadrant diagram by referring to the description of "problem" factor on page 7.

STEP TWO. Select any one of the quadrant topic headings to begin work. Refer to that factor's description for instructions on how to proceed.

STEP THREE TO FIVE. Select the remaining topics in any preferred order; complete the suggested actions for each individual factor before proceeding on to the next quadrant topic.

At this point you should have a partially filled in quadrant diagram with entries under each of the five headings.

NEXT STEPS

From now on the approach is no longer a step-by-step sequence. The method to be used has a game-like quality that follows a broad set of rules. The desired outcome is a solution to the problem that is of high quality, has a high probability of being accepted by those who must implement it, and is produced within the time available.

RESULTS:

SOLUTIONS:

PROBLEM:

ASSUMPTIONS:

FACTS:

Figure 1

RULES FOR CONTINUING PROBLEM-SOLVING

1. You may jump to any topic heading from any topic heading in any sequence.

2. Revise the information written in the quadrants and in the problem definition if it seems appropriate; any item under any topic may be challenged.

3. Individual quadrant items may be deleted, changed or added as the problem solving proceeds.

4. Record all pertinent problem-solving inputs from the group under the appropriate topic heading -- check to ensure inputs are recorded properly.

5. If the need for obtaining "new facts" arises, list them under a "needed facts" subheading beneath the "facts" topic heading.

6. Reject solutions that are based upon strongly contested "facts."

7. Keep track of the time you have available for problem solving.

8. Circle the selected solution to the problem.

COMPLETION

You have completed problem-solving when there is:

A. General agreement to adopt a particular solution or on a workable integration of several sub-solutions; group members opposed to the majority choice are willing to accept and work for the solution on a trial basis.

B. The information in all four quadrants has been discussed.

C. The selected solution is believed to be able to produce the desired results.

D. The selected solution is founded upon the unchallenged facts or a combination of unchallenged facts and unchallenged assumptions.

E. The selected solution is seen by the group to be achievable within available or obtainable resources (time, people, money, facilities, and materials.)

PROBLEM FACTOR

DEFINITION: A situation in which an obstacle is seen to block the accomplishment of a desired goal. A problem exists when (1) there is a detectable difference between a desired condition and the current situation, (2) dissatisfaction with the situation occurs in one or more persons, and (3) determination to remove the block is, in fact, present.

SUGGESTED ACTIONS:

A. Answer, first individually, then as a group, the following questions:
   1. What desired goal is not being reached?
   2. What are the signs that indicate there is a gap between what is desired and what now exists?
   3. Who, specifically, is dissatisfied with the gap between the "as is" and "like to be" conditions?
   4. Who, specifically, is willing to commit resources (time, energy, money, personal or organizational risk) toward bridging the gap?
   5. Are the likely consequences of not solving the problem serious enough to make attempts at its solution worthwhile?

B. Write out an initial problem definition in the "problem" space that is:
   1. Brief--one sentence or less.

   2. Specific--states what goal is being blocked from achievement.

   3. Clear--contains only one basic problem situation.

   4. Workable--states "what" goal is being blocked and not "why" it's a problem, or "how" to obtain it.

C. Obtain agreement upon a working problem definition before going on to the next step.

RESULTS

DEFINITION: The benefits (desired things people would be doing or saying, expected favorable changes in objective measures) that solving the problem are expected to produce. These benefits are stated in terms that any solution that is used could reasonably be expected to achieve, keep, or avoid as future difficulties.

SUGGESTED ACTIONS: Complete these statements in the "results" space.

1. No matter which solution is used we want to achieve ___________
2. Regardless of what solution is chosen we would like to keep these things that we now have ____________________________
3. Whatever solution is chosen we would like to avoid these additional problems ____________________________

SOLUTIONS

DEFINITION: Possible courses of action which will close the gap between the desired goal and the present situation. These actions will remove the obstacles now seen to block goal achievement.

SUGGESTED ACTIONS: List a minimum of two potential solutions to the problem without evaluating them in the "solutions" space. (A good way to begin is to have each person individually write down one solution independently, then the group as a whole can build upon this initial list.) It is important to initially "brainstorm" these potential solutions without criticism in order to develop an atmosphere conducive to effective problem solving.

ASSUMPTIONS

DEFINITION: Suppositions or guesses about what is true related to the problem situation.

SUGGESTED ACTIONS: Write down in the "assumptions" space those items, suspected to be true or likely to be probable, which appear to group members to be important to solving the problem.

FACTS

DEFINITION: Verifiable pieces of information related as evidence to the problem situation.

SUGGESTED ACTIONS: In the "facts" space list those verifiable pieces of information which appear to bear on the problem situation. Sources of "facts" in order of their credibility seem to be:

1. Repeated physical measurements
2. Single physical measurements
3. Many expert opinions
4. Single expert opinion
5. Statistical evidence
6. Memory
7. Hearsay (not directly experienced by a group member)

NOTE: An important category of facts often overlooked are the feelings. particularly strong emotional reactions, of key individuals and groups to the problem situation. These facts may equal or surpass in importance to problem solving more outwardly physical evidence.

Brentwood Neighbor Business Profile

I. Background

You are the sole proprietor of the Brentwood Neighbor. The Neighbor is a newspaper serving the community of Brentwood, which has a population of 20,000.

II. Physical Condition

The Brentwood Neighbor is located on the ground floor of an office building which is about 10 years old. The Neighbor occupies half of the ground floor; the other half is occupied by a travel agency. The office is modern, spacious, and pleasant. It is divided into three large rooms; at the front is the customer area, with several comfortable couches and chairs across the front, plants in the window, and a long counter and two secretary's desks, bookshelves, supply cabinets, and a large worktable all crowded in. There is no space to spare in this room, and only a narrow walkway is left along one wall between the customer area and the press room at the back. At the front of this section, a small cubicle is partitioned off for the editor/publisher's office. It contains a desk, two chairs, and a bookcase. The back section holds the press room, which contains the newspaper's presses, tables for doing layout work, and other equipment. There seems to be enough room for all of the equipment. Part of the basement of the building is used for storage of materials and files of back issues of the paper.

The newspaper's presses and other equipment are in good condition and less than five years old.

The office has a large window across the front, with the words "Brentwood Neighbor" printed across it.

Rent for the office is $500 a month; there are five years remaining on a ten year lease.

III. Neighborhood Characteristics

The site on which the Brentwood Neighbor is located is zoned for this type of office, and there are no plans for change.

Signs projecting more than 12 inches from any side of the building are prohibited on Adams between Stevens Lane and Park Avenue.

The buildings on Adams between Stevens Lane and Park Avenue are all about ten years old. The shops in the area all offer high quality merchandise at medium to high prices.

IV. Product and Service Line

The _Neighbor_'s current paid circulation is 5,000. Four thousand of those go to subscribers, and 1,000 are sold on newsstands and in businesses.

The Brentwood _Neighbor_ is published weekly, in a tabloid format (11 1/2" x 16"); it is usually 20 pages long.

The _Neighbor_ does a great deal of commercial printing. Commercial printing currently accounts for about 30% of the paper's income. Jobs are piled up, and often the printing of the paper has to wait until a commercial job is completed.

The _Neighbor_ concentrates on community news and issues, and devotes a significant amount of space to stories on organizations and personalities, proposed zoning, local politicians, the community trade associations, and marriages of prominent local people.

Most of the _Neighbor_'s advertising comes from the Homeleigh area, although some attempts have been made lately to convince downtown department stores to advertise. The staff does not generally solicit advertising, but depends on old regular advertisers and long-term advertising contracts.

The _Neighbor_ currently runs about 60% advertising and 40% news.

The _Neighbor_ currently gets about 50% of its income from display advertising, about 10% from classified advertising, about 10% from circulation, and about 30% from commercial printing.

V. Sales Policies

The Brentwood _Neighbor_ is distributed on a paid subscription basis, by carriers, and is also sold on newsstands and in local places of business. Single copies on the newsstand sell for 10¢ apiece; subscription rates are about 9¢ per copy.

The _Neighbor_ offers delivery service for printing jobs.

Subscriptions are sold on a pre-paid basis only.

Printing jobs may be paid for when they are picked up, but credit is also extended.

Advertising may be paid for when the ad is placed, or a bill can be sent.

VI, Advertising

The Neighbor advertises regularly in its own pages. A display ad with a subscription blank is run on the last page every week. Three years ago the Neighbor started to sponsor a local Little League team, and has continued to do so. Last year it sponsored a community clean-up campaign, and it is currently sponsoring an art show for students of the local high school.

The Neighbor advertises its printing services by direct mail to businesses.

VII. Personnel

The Neighbor currently employes the following

3 secretaries
4 printing plant staff
3 writers
1 writer-photographer
1 layout artist
1 ad salesperson
1 janitor-custodian

You function as the editor and business manager.

VIII. Financial Data

A recent balance sheet and profit and loss statement for the previous year are on the following pages.

BRENTWOOD NEIGHBOR

Profit-and-Loss Statement
(for the year just ended)

Net Sales (include all sources of income)	$235,000
Cost of Sales	70,500
Gross Margin	164,500
Percentage	70%

Expenses:	
Owners' Salaries	$ 15,000
Employees' Wages	108,000
Delivery (Carriers' Commission)	1,900
Rent	6,000
Advertising	100
Taxes & Licenses	3,000
Depreciation: Fixtures & Equipment	9,400
Telephone	600
Insurance	7,150
Legal & Accounting Fees	1,000
Utilities	2,000
Bad Debts	1,100
Supplies & Equipment	1,100
Interest	100
TOTAL EXPENSES	$156,450
NET INCOME	$ 14,050

BRENTWOOD NEIGHBOR

Current Balance Sheet

Assets

Current	
Cash	$11,500
Inventory	2,400
Supplies	1,000
Subtotal	14,900
Fixed	
Fixtures & Machinery	$120,000
Less Depreciation	- 30,000
Subtotal	90,000
TOTAL ASSETS =	$104,900

Liabilities and Owner's Equity

Current	
Accounts Payable	$ 2,000
Other	2,000
Subtotal	4,000
Long-Term	
Equipment Loans	5,000
Bank Loans	2,000
Subtotal	7,000
Capital	
Owners' Equity	82,050
Year's Profit	11,850
Subtotal	93,900
TOTAL LIABILITIES & OWNER'S EQUITY =	$104,900

Community Newspapers Industry Profile

I. Product and Service Line

Most weekly community newspapers do commercial printing on the side to keep their presses busy during the part of the week when the newspaper is not being printed. They may also sell office supplies and equipment as a sideline, especially if there are no office supply stores nearby.

Successful community newspapers generally concentrate on local news and issues, especially personal and organizational news. Both display and classified advertising generally have a local emphasis, with community merchants and residents doing most of the advertising. The local slant in advertising is one of the community weekly's main advantages over the metropolitan daily, which must feature advertising for the entire area. The same holds true for local news.

Most community newspapers get about 50% of their income from display advertising, about 10% from classified advertising, about 10% from circulation, about 25% from commercial printing, and 5% from miscellaneous sources.

Most community newspapers run about 60% advertising to 40% news: with a lower percentage of advertising, the cost of printing the paper remains the same, but the amount of income it brings in drops.

The more commercial printing a newspaper does, the lower its gross margin will be.

Paid circulation should be about 30% of the community's population for a successful newspaper.

II. Sales Policies

Community newspapers are distributed either on a paid subscription basis or free of charge. Expecially in areas where there are free shopping papers, a paid subscription basis usually causes readers to hold the paper in higher regard and take it more seriously.

Community newspapers can be distributed by carriers, sent through the mail, sold on newsstands and in places of business. Carriers can also handle collections of payments for subscriptions and can be used to solicit for new subscriptions. Carriers generally receive a 10% commission on each paper they sell. Postage costs are about 1/2¢ per copy for a 20-page paper, plus the cost of postage for sending out subscription renewal notices and bills, about 20¢ per subscriber per year. Newspapers are usually sold on a prepaid subscription basis, although current subscribers may be sent a few issues of the paper after their subscriptions run out but before they have paid for renewals.

Delivery service is often offered for printing jobs.

Payment for printing jobs may be required when they are picked up, or bills may be sent.

III. Advertising

Community newspapers do most of their own advertising; a display ad in the paper with a subscription order blank is often used. Flyers may also be distributed in the neighborhood or stuffed into a sample copy of the paper. Other media are used to a lesser extent. Special promotional campaigns or newspaper-sponsored community events are other means of advertising that are often used. Total cost of all advertising should be about 3%-4% yearly net sales.

The most appropriate advertising media for a community newspaper are the newspaper itself; flyers/direct mail; and easy listening radio.

IV. Personnel

Community newspapers should do yearly net sales of about $15,000 per fulltime employee ($7,500 per parttime employee), including owners. Payroll, including owners' salaries, should be about 35% of yearly net sales.

Generally, about 1/4 of the total personhours should be spent in the printing plant; a newspaper with a lot of commercial printing business will probably require more. One-sixth of the total personhours should be secretarial.

Telephone orders for advertising are usually handled by the secretarial staff.

MANAGEMENT PROBLEMS

Problem #1

One of your writers has uncovered a scandal in the community involving a prominent politician who is a personal friend of yours and also owns one of the businesses in Brentwood. His business advertises extensively in the Neighbor. The writer has discovered that the politician is under investigation for misuse of public funds. Surveys have shown that publication of this type of story in community newspapers has increased circulation as much as 15% at times.

State the issues, then decide whether or not to publish the story in the Neighbor and justify your decision.

Problem #2

A restaurant in Brentwood has been running weekly ads in the Neighbor advertising Friday night family specials. Several customers have written letters to the editor about the restaurant. They say that the advertised specials are never available and they are forced to order more expensive meals. The restaurant has been a particularly good account in the past. Last year's revenues from the restaurant's advertising were $3,800 and you expect it to continue and increase.

Identify the issues involved and suggest solutions. Justify your solutions.

Problem #3

You've recently had several complaints from subscribers about the carrier delivery service -- papers not there or not on time. All carriers seem to be at fault. You are also concerned that they are not bringing in the number of new subscribers that you expect. You have eliminated mailing the paper as an option because (1) you feel a commitment to employ the carriers, (2) you would have to find some other means of getting new subscribers, and (3) it's good for your image. In the past, all carriers have been recruited and trained by other carriers. You know few of the kids by name, but you are acquainted with many of their parents.

State the issues involved in this problem. Suggest a solution and justify it.

Problem #4

At last week's Chamber of Commerce meeting, the recent controversy raised by Brentwood's Senior Citizens Association was discussed and debated. The older members of the community have accused many of the merchants of age discrimination in hiring and are threatening to take legal action. Some of the merchants are worried about losing business, some about getting sued, others think the whole issue is ridiculous. Both the merchants and senior citizens are demanding that you take a public stand on the issue in the paper.

Identify the problem and related issues. Then take a stand and defend it.

Problem #5

You've been working long, hard hours almost seven days a week and have decided to consider hiring someone to take over either the business or editorial function of your job. Because of your many years of experience in management, you really hesitate to give up that end of the business. You also get an enormous amount of satisfaction in your role as editor because it allows you to influence community thought and action, giving you a status you would not have otherwise. You are also aware of the difficulty of finding an editor whose views reflect your own. You have interviewed several applicants for both jobs and narrowed your choices down to four. The descriptions of these applicants follows.

Applicant #1

This person has had 12 years experience as a writer/editor on a large city newspaper. She is applying for the editor job because she feels that a small newspaper would give her more room to advance. You have reviewed some of her work and find that she can take both sides of an issue with equal enthusiasm. However, when you interviewed her, you found that her personal views are very different from yours. You are impressed with the woman's work, her independence, and her interest in expanding her job possibilities. Her field is journalism though and she has had no experience in management. She is willing to take the $12,000/ year salary you are offering.

Applicant #2

For the past 6 years, this person has owned a small printing company in your town. He recently sold his business and is applying for the management job. He impresses you as a real go-getter. He says that he really enjoyed running his own business, but got tired of the long hours away from his family. He indicates to you that if things work out, he might be interested in a partnership arrangement. Although he's had no experience in newspapers, he was personnel manager for a large corporation for five years before opening his own business. He is asking for a salary of $15,000 per year.

Applicant #3

This person is applying for either the editor or management job. Over the past 10 years, he has had a varied career in the newspaper business, working in several different positions on several different newspapers, both small and large. He has never been involved in either management or editing, however, but feels his experience in other areas -- writer, pressman, photographer, layout artist, and so on -- qualify him for either position. His attitude is very down-to-earth and he says he's willing to work wherever and whenever he's needed. His work samples are good, but not great. He's willing to take a salary of $10,000 a year, $2,000 less than you are offering.

Applicant #4

For the past 3 years, this person has worked for the West Side Shopper. She has been in charge of managing all of their advertising accounts and feels that she has done so successfully. (Her employer, a personal friend of yours, has indicated to you in the past that this is true.) In fact, she claims that because of her, the Shopper's ad accounts have almost doubled since she came. The woman is aggressive, straightforward, and very professional. Before working at the Shopper, she taught business management for several years at the local university. She says that she is applying for the management job because she sees no possibilities for advancement at the Shopper. She is asking for $13,500 per year to start.

Review the descriptions of the applicants. List the pros and cons of each. Decide whether or not to hire someone. Choose the best of the four and justify your choice. Be sure to include a plan for getting the money to pay his or her salary. If you decide not to hire someone, justify your response and give an alternative plan for eliminating or easing the number of hours you must spend on the job.

Problem #6

The owner of *The Calverton Times* has approached you with an offer to buy the Brentwood *Neighbor*, lock, stock and barrel. She wants to expand and upgrade the *Neighbor* to include more national and international coverage. Her tentative offer is $125,880. If you decide to sell, she has agreed to keep 50% of the present staff for three years.

State the issues, then decide whether or not to sell the *Neighbor*. Justify your decision.

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MODULE 4.4

[Management Problems]

GLOSSARY

Account	A record of a business transaction or "deal". When you buy something on credit, the company you are dealing with sets up an "account". This means they set up a record of what you buy and what you pay. You will do the same thing with any customers to whom you extend credit. At the bank, you will also have an "account", again a record of what you deposit and withdraw.
Accountant	One who is skilled at keeping business records. Usually, the name "accountant" refers to a highly trained professional rather than one who keeps books. An accountant knows how to set up the books needed for a business to operate and he/she can help a business owner understand what the business records mean.
Accounts Payable	A current liability; the claims of vendors and others
Accounts Receivable	A record of what is owed to you. All of the credit "accounts"--the record of what each customer owes you--taken together are your "accounts receivable". Even though you don't have the money in hand, that money which is owed to you is an asset, just as money in the bank is an asset. Your "accounts receivable" is something you have to know in order to know what your business is worth at any time. Of course, your accounts receivable must be collected to become a real asset.
Accrued Expenses	A current liability; obligations not supported by invoices or other documentation, such as salaries and wages
Advertising	Any form of paid, non-personal promotion that has an identifiable sponsor and that usually communicates with large numbers of people at the same time (e.g., T.V. commercials, radio commercials, magazine ads, newspaper ads)
Analysis	Breaking an idea or a problem down into its parts or a good examination of the parts of anything. In business you must "analyze", that is make an "analysis", of a problem before you can decide on the best solution.
Articles of Incorporation	A legal document filed with the state which sets forth the purposes and regulations for a corporation. These papers must be approved by the appropriate state office before a corporation legally exists and is allowed to do business. Each state has different requirements and the procedures are complicated so it is usually necessary to hire a lawyer specializing in corporate law to set up and get approval for a corporation.

Asset	Anything of worth that is owned. Your personal assets (not counting your abilities) are the money you have in your pocket or in the bank, whatever is owed to you, any securities which you own, the property you own, whatever part of your home that you own, your furniture and appliances and all the miscellaneous things which you personally own. The assets of a business are just the same: money in the bank, accounts receivable, securitites held in the name of the business, property or buildings, equipment, fixtures, merchandise for sale or being made ready, supplies and all the real things of value which the business owns. Assets = Equities or Assets = Liabilities + Owner's Equity
Bad Debts	Money owed to you that you can't collect. Of course, a business should never give credit or loan money to anyone who is not a good risk. That's why credit and collections must be carefully considered by every businessperson. When it is apparent that an account is not collectable--that account ought not to remain on the business books as an asset. An accountant can advise when and how to enter such accounts as "bad debts".
Balance	(1) The amount of money remaining in an account. The total of your money in the bank after accounting for all transactions (deposits and withdrawals) is called a "balance". Also, the amount of money you owe a creditor or a customer owes you is called a "balance"... (2) When the amounts of money in a positive (credit) account and a negative (debit) account are equal. Think of an account like old fashioned scales. When there is nothing on either side of the scale it is in balance. When credit is extended, it is like putting an amount of money on one side of the scale--the weight makes that side go down. When money is paid on the account it is like putting money on the opposite side of the scale--it offsets ths weight of the other side. When enough money is paid back, the scales will equal or "balance" again. Books are kept as a convenient way to keep track of these positive and negative changes in an account and these business records allow you to figure your assets and liabilities at any one time. A business needs these records both for what they sell on credit and what they buy on credit.
Balance Sheet	An important business record which shows what a business owns and owes at any one time. Essentially a "balance sheet" is a list of business assets and their present value on one side and a list of liabilities on the other side along with the amount for each. The liabilities include all that is owed, including owner's equity. If the balance sheet has been figured correctly, it must balance.

Brand Name	Name or trademark of a product serving to identify the product of a particular manufacturer or distributor, and to distinguish it from similar products made by others
Breadth	The number of product lines offered by a business
Break-Even	That point when total costs equal total revenue
Budget	A plan expressed in quantitative, usually monetary terms that covers a specified period of time, usually one year; used as a tool for planning
Business Venture	Taking financial risks in a commercial enterprise. The reason for risking your money, of course, is the hope of making a profit on your investment. One should always understand that there is a chance of losing money as well as making it--particularly when a business is new. Successful businesspeople have learned that they can control the risks by practicing good management and getting good advice from bankers, accountants, lawyers and business associates.
Capital	Available money to invest or the total of accumulated assets available for production. Put another way, your capital for going into business is the total of your property and money resources which you can make available for the business and whatever you will need to live on while getting the business going. Later on, if your business is successful, the business will accumulate "capital" in the form of property, goods and money (including securities).
Capital Requirement	A list (or schedule) of expenses which must be met to establish a business. Even before a business is started, the owner should start keeping records. One that is very important is a list of expected expenses and initial costs in order to establish how much capital must be invested to keep the business operating financially. Such a list must include all expected costs and have a margin of extra for the unexpected. What happens to many small businesspeople is that they fail to figure on all the expenses and costs which must be met. One of particular importance (and often forgotten) is the amount of money the businessperson will need for living expenses until the business starts earning a profit.
Cash	Money in hand or readily available. Currency--hard money, bills and negotiable securities (like checks)--in your cash drawer is cash. But so is the money you can draw on demand--your bank accounts or savings accounts also represent "cash". Cash is what you must have to keep a business going and it isn't unusual for even a very successful business to run out of "cash", particularly as the business is growing. Keeping a supply of "cash" is very important so good managers plan ahead on their cash needs.

Cash Receipts	The money received by a business from customers. "Cash recipts" are to a business what food and water are to anything living. An animal can live on its stored up food for only so long and then if it doesn't get more, it dies. A business will die, too, if it does not have a regular, sufficient flow of cash. A business can survive just so long on its stored up capital. A businessperson preserves his/her capital as much as possible and tries to control his/her cash receipts so that the business can continue.
Channel of Distribution	The path the product takes from the producer to the consumer; it may involve one or more middlemen. The channel of distribution for a product must fit the product and the buying behavior of the target customer.
Contract	An agreement regarding mutual responsibilities between two or more parties. In business law a "contract" exists when there has been a meeting of minds--whether or not the contract is written. However, contracts are usually in written form but should never be taken lightly because they legally bind the parties to the agreement. Any business contract should be examined by a lawyer who knows business law. Even with legal help, a contract should be read thoroughly and only signed after its meaning is clearly understood. One word of caution--many sales forms or order blanks are binding contracts and should not be signed unless the terms of the agreement are well understood.
Controllable Expenses	Those expenses which can be controlled or restrained. Some of the costs of doing business can be postponed or spread out over a longer period of time. For example, depreciation on equipment is a "controllable" expense in the sense that it isn't required if the businessperson puts off obtaining new equipment until the level of business is such that it can support the new purchase and its depreciation allowance.
Convenience Goods	What a customer buys regularly and without much thought. A convenience good is one for which the customer will devote a minimum effort to comparison shopping. There are three kinds of convenience goods: (1) impulse goods (something a customer hadn't planned to purchase, such as chewing gum at a checkout counter); (2) staples (items used regularly, such as food and gasoline); and (3) emergency goods (items unexpectedly needed such as Band-Aids).
Corporation	A business venture comprising a group of individuals or objects treated by the law as an individual. A business corporation is an artificial personage, created by a state charter, which can do business as a separate entity the

	same as individuals can do in a sole proprietorship or a partnership. The corporation business acts on its own through its officers and is empowered to make contracts and carry out business activities like an individual. Unlike other types of ownership, the shares of a corporation may be owned by a number of persons.
Co-signers	Joint signers of a loan agreement, pledging to meet the obligations in case of default. When you ask someone to "co-sign" a note, you are asking them to share a debt with you if you can't pay it back. They guarantee the loan will be paid back and the lender can take legal action to take their property if they refuse to pay. Borrowing money this way is a considerable obligation for the co-signer and should not be entered into lightly by either the borrower or co-signer.
Current Assets	Those assets that will be owned only for a short period of time, usually not more than a year from the balance sheet date
Current Liabilities	Those obligations or claims against the assets of a business which are expected to be satisfied within a relatively short period of time, usually a year
Current Ratio	The ratio of current assets to current liabilities; used as a rough test of a business' ability to meet current obligations
Debits	Debts recorded. Bookkeeping deals with "credits" and "debits". It's a convenient way to put down on the books the additions and subtractions of business capital. "Debits" are minus or negative entries in the books--they are the money that is spent or taken out of a particular account. Usually, books are set up so that "debits" are recorded on the left hand column of an account. You should think of them as small debts to each account or the total debts of an account.
Debts	That which is owed. If you borrow money, buy something on credit, or receive more money on an account than is owed, you have a "debt"--an obligation to pay back whatever amount of money or goods is involved. Going into "debt" was once considered a sin but can be a useful and often necessary way of doing business. A "debt" though is a bad thing when it is larger than the ability of the borrower to repay and must always be carefully considered before it is made.
Default	Failure to pay a debt or meet an obligation. Any debt is a trust and failure to pay it is a violation of a high obligation. If you "default" you demonstrate that you are

	untrustworthy and unreliable--two damaging attitudes toward your reputation. In business such a reputation can, and probably will, cost you business, restrict your credit and lose you valuable creditors and business friends.
Demand	An order to comply with an obligation. In business we speak of paying on "demand". This simply means that the obligation must be satisfied immediately when requested. Contracts are often written with a "pay on demand" clause. This means just what it says, the debtor must pay when asked if the terms of the contract agreement have been met.
Depreciation	A decrease in value through age, wear or deterioration. You have all heard it said that an automobile "depreciates" as soon as it is driven off the lot. It becomes a "used" car immediately and is worth something less to a buyer than when it was brand new. All of the equipment which you buy for a business is the same way--it begins to depreciate immediately and is worth something less as it continues to be used. Depreciation is a normal expense of doing business but it is a real expense which must be taken into account. As a new piece of equipment is purchased it is set up as an item in a "depreciation account" whereby it can be expensed over a period of time. There are laws and regulations governing the manner and periods of time that may be used for depreciation inasmuch as the rate of depreciation effects income and captial on which a business pays taxes.
Depth	The assortment of models offered within a product line
Discretionary Income	The portion of disposable income available for expenditures over and above those required for fixed commitments such as debt repayments, tenant rent, and essential household needs. Discretionary income is the amount of money which can be spent on nonessentials. Discretionary Income = Subsistence Income - Disposable Income.
Disposable Income	The portion of income remaining after all tax payments are made: Disposable Income = Income - Taxes
Distribution	A system for getting goods and services from the producer or seller to the intended customer. Distribution involves the physical flow of products (i.e., transportation, warehousing and handling of goods) and the channel by which these products are distributed.
Economic	Pertaining to money or financial matters. We speak of "economics" as the management of resources whether we are talking about a nation, city, a business or an individual. Business itself is a subject of economics and the economic situation affects every business in some way. A small businessperson does well to have a basic understanding of economics because it is such an important matter in the conduct of business.

Embezzlement	To steal or take by fraud another's property for one's own use. This dishonest act is one of the great perils of doing business. Seemingly trustworthy people sometimes are moved to steal from their employers and associates. Many businesses have been unable to survive the effects of such acts. There are three ways to protect a business against the probability of embezzlement--careful selection of those people who are the best risks, business practices which make embezzlement difficult, and business insurance or bonding against any loss that may occur.
Emergency Good	A convenience good which is unexpectedly needed (e.g., an umbrella)
Enterprise	A business firm or a business undertaking. The word "enterprise" means any hard, dangerous or important undertaking or project. Its a good name for a business because a successful business takes all these things.
Entrepreneur	A person who organizes and manages a business. This is a French word borrowed from that language and now a part of regular English. Its popularity probably comes because it has a grand sound as befits anyone who has the initiative to create and run a business.
Equity Capital	Venture money. In order to go into business you will most certainly have to lay it on the line. You put up savings or property when you go into business and you do it in hopes of getting a good return. Unfortunately, some people who have worked hard and protected their savings magnificiently allow themselves to be dazzled by the prospect of their own business and make their investment foolishly. Most often they have little but heartache and debts to show for their effort. So it is very important to consider carefully before investing in your own business and to take all the steps you can to assure a business success and the protection of your "equity capital".
Expense	Any cost incurred in the operation of a business which results in a decrease in owner's equity
Financing	Obtaining money resources. Businesses usually have to obtain financing at some time--either to go into business or expand operations (hopefully not just to stay in business). The time to set up relationships with those who might finance your business is before you need the money. Maybe you won't ever need to finance anything but that would be most unusual so you would be well advised to lay the groundwork for it early.
Financial Statement	A record of total assets and liabilites. Knowing what you or your business is worth is rather important. It's one of the things you need to do in order to find out whether you are advancing or retreating in the conduct of

	of your affairs. In a sense the financial statement is the certificate of success or failure. In order to borrow any appreciable amount of money, the lender will require you to prepare an accurate financial statement but even if it is not required for a loan, you need it to help you make the decisions about whether or not to go into business and how much you can afford to invest. Then, you should still make a periodic financial statement just to see how you are doing.
Fixed Assets	Tangible, relatively long-lived resources (often called Property, Plant and Equipment)
Fixed Expenses	Those costs which don't vary from one period to the next. Generally, these are expenses that are not affected by the volume of business. Rent, for example must be paid whether or not any business is accomplished. Fixed expenses are the basic costs that every businessperson knows he/she will have each month.
Franchise	A right or privilege to deal in a certain line or brand of goods and services. A franchising company (franchiser) is in the business of "selling" businesses or brands to small businesspeople. Usually, the franchisor and the businessperson who agrees (franchisee) enter into a binding contract where the franchisor supplies the product, materials and a certain amount of know-how and the franchisee agrees to handle the product exclusively and run his/her business to certain standards prescribed by the franchisor. Such a relationship may be mutually advantageous but is a long term arrangement that should be carefully examined before accepted.
Franchising	A system of distribution under which individually owned businesses operate as though they were part of a large chain, complete with trademarks, uniform symbols, design, equipment, and standardized products.
Gross	Overall total before deductions. Another way to put it is that "gross" means the whole amount. A businessperson has to learn early the difference between "gross" and net figures. Many people beginning in business get fooled by the gross figures. For example, a business shows a substantial "gross" profit but by the time additional expenses are deducted the amount of the "net" profit is small. Another meaning of "gross" is something that is "very wrong" and that's exactly what it is if a businessperson gets confused on what gross figures really mean.
Gross Margin	The difference between sales revenue and cost of goods sold

Image	Term referring to the way customers "feel" about a business. The image of a store is what people believe to be true about it and how well those beliefs coincide with what they think it should be like.
Impulse Good	A convenience good which a customer had not planned to purchase (e.g., chewing gum)
Income	The amount by which revenues earned during a period of time exceed expenses incurred during that period. In a business sense, "income" is really pretty much the same for the business as for an individual. One's income is all the money received before anything is taken out and that's what it is in a business enterprise. One must not confuse the gross income of a business with his personal income (net income) from the business. As clear as that should appear to be many small businesses have failed because the owner misled himself into thinking he was doing better than he really was.
Income Statement	See Profit and Loss Statement
Industry Ratio	The standard or "average" percentage of expenses spent by firms in a similar type of business (i.e., firms in the same industry). These "industry ratio" figures are very important guidelines for a busienss. It is not that a businessperson ought to spend exactly the same percentage as the average for his business but by comparing his/her costs with what many other businesses spend, he/she can look for areas that seem out of line. If, for example, he/she is spending just half as much for advertising as the industry ratio, he/she would do well to consider if additional advertising might be helpful in building his/her sales.
Interest	The cost of borrowing money
Inventory	A list of present or current assets. If you are in a retail business, the stock you have on the shelves is "inventory" but then so are your available supplies, goods received or stored and any expendable items on hand. As a regular part of the bookkeeping process inventory must be periodically counted because any inventory is a part of your current assets needed to figure what the business is worth.
Invest	Lay out money for any purpose from which a profit is expected. One way to evaluate whether an investment in a business is worthwhile is to consider what you would receive on that same amount of money put into a low risk investment. Certainly, the prospects should clearly be for a much greater return if the money is risked in a business.

IRS	Internal Revenue Service
Lease	A long term rental agreement. A "lease" arrangement is mutually advantageous to both the lessor (renter) and the lessee (one who rents). The agreement gives the landlord assurance that he/she will have the property rented but it also protects the renter because it assures that the business property will not be rented out from under the business. It is a good idea to have lease options for extending the rental periods. However, one word of caution--businesses often find that they are in trouble because they did not plan on sufficient space but were bound by a lease which they could not get out of.
Liability	Debts or that which is owed. This is another common word in business that is confusing. We speak of liability insurance which is insurance to cover any claims which are brought against the policy holder (for which he is sued). But when we speak of a business "liabilities" we are usually speaking in an accounting sense--those obligations of the business as opposed to its assets. Of course, as an owner the business has a "liability" toward you so with the lists of what the business owes (its liabilities) there is always carried an ownership liability which is the difference between what a business owns and what it owes to those other than the owner.
Liability Insurance	Risk protection for accidents for which a business is liable. Insurance that a business carries to cover the possibility of loss from law suits in the event the business or its agents were found at fault when an accident occurred. It protects the business investment.
Limited Partnership	A legal partnership where some owners are allowed to assume responsibility only up to the amount invested. The idea for a limited partnership is that some investors may put up money for a business venture without being directly involved in its operation and so are not held responsible for the debts of the other partners beyond the possible loss of the money they have invested.
Liquidate	To settle a debt or to convert to cash. This literally means to do away with. In a business sense it means to do away with a debt by paying it or to do away with assets by selling them and thus turning them into hard cash.
Loan	Money lent at interest. A lender makes a "loan" with the idea that it will be paid back as agreed and that interest will be paid as a sort of "rent" for the use of the money.

Long Channel of Distribution	The path of a product from the producer to consumer involving several middlemen. A long channel is usually used to distribute goods that are small, inexpensive, bought in small amounts and considered convenience goods by a widespread target population (e.g., magazines, hosiery, cigars).
Management	The art of conducting and supervising a business. It isn't enough to just invest money in a business--the business must be nurtured, protected and helped along to success. Another way to look at it is that "management" is the exercise of judgement in the affairs of the business.
Market	People with needs to satisfy, money to spend, and a willingness to spend
Marketing	Involves the designing, pricing, promotion, and distribution of want-satisfying products; all the activities involved in satisfying consumers' needs and wants by getting the goods and services from the producer to the consumer
Marketing Concept	An idea characterized by profit-oriented goals achieved by appealing to consumers' needs and wants. It involves putting the consumers first in all marketing decisions.
Marketing Mix	Term used to describe the four elements (product, price, promotion, distribution) that a business can control and vary to reach its market
Market Research	A method of solving busiess problems. Market research gives businesspeople the information necessary to determine whether or not their goods and/or services are: (1) designed according to the consumers' needs; (2) distributed in a way that takes account of consumers' buying habits; (3) priced according to consumers' willingness to pay the stated price; and (4) sold with whatever services the customer requires.
Market Segment	A submarket of the total market for a product which is uniform with respect to a significant characteristic which influences the consumers' buying behavior
Market Segmentation	Process of dividing the total market for a product into smaller submarkets. Each submarket must be uniform with respect to a significant characteristic.
Merchandise	Goods bought and sold in a business. "Merchandise" or stock is a part of inventory. In usage merchandise has come to mean anything movable that may be sold or traded.

Middleman	An independent businessperson standing between the producer and consumer who helps move the product from the producer to the consumer (e.g., retailer, wholesaler)
Motivation	Strong influence or incentive. Motivation is the thing which moves a person to do anything that he does. "Motivation" may be something which the person himself is not even aware of and a whole field of business psychology has grown up around motivation research--the hidden reasons why people buy things.
Need	Lack of anything that is required, desired or useful
Net	What is left after deducting all charges
Net Profit or Loss	The difference between gross margin and other expenses
Nonrecurring	One time; not repeating. "Nonrecurring" expenses are those involved in starting a business which only have to be paid once and will not occur again.
Objective	Something toward which effort is directed; something to accomplish. It's interesting that "objective" also means realistic and we might say that "objectives" are realistic goals that we set to produce some end result.
Obsolescence	Declined in value because of replacement by new and/or better things. A businessperson has to be aware of changing patterns in the things which people buy. People have a way of wanting whatever is the latest or the newest in most things so a businessperson will do well not to overstock items which tend to change style.
Operating Costs	Expenditures arising out of current business activities. In other words, your "operating costs" for any period of time are what it costs you to do business--the salaries, electricity, rental, deliveries, etc., that were involved in performing the business dealings.
Operating Organization	The plan for doing business. The management structure as opposed to the legal structure of a firm is its operational organization.
Operating Ratios	The relationship of costs from business activities. What percentage of your costs went for rent? How does it compare with other businesses like yours? These are facts which a business needs to know if it is efficient and not wasting resources.

Organize	To put in order. A good manager can "organize" just about anything--people into a work force, bills into a payment schedule, or merchandise into a display plan. There is a kind of logic to everything and using that logical pattern in business affairs can make just about any task a lot simpler and easier.
Owner Manager	One who operates his/her own business
Owner's Equity	The claims of the owner against the assets of a business
Ownership Organization	The legal structure for a business. How a business is organized legally depends upon how it is owned. If one person owns it--it's a proprietorship (usually), if several own jointly as owner-managers--it is a partnership unless incorporated. If many people own a business--it most certainly is some form of a corporation.
Package Design	Important element of the total product. A good package design motivates the customer to buy the product by making the product easy to see and easy to identify.
Partnership	A legal business relationship where individuals share responsibilities, resources and profits. Partnerships are built on mutual trusts but friendships have a way of becoming strained so trust should be backed up with a firm agreement in writing.
Payable	Ready to be paid. One of the standard accounts kept by a bookkeeper is "accounts payable". This is simply a list of those bills which are current and due to be paid.
Personal Selling	Involves a face to face relationship between the prospective buyer and the seller. Personal selling is adaptable to the needs of the individual.
Personnel	Persons collectively in the employ of a business.
Pledge	To bind by a promise, to give possession of something of value as security on a loan. There has to be a great deal of trust between parties doing business--indeed it seems doubtful that business itself could proceed without it--it is the basis for all credit transactions, most business agreements and the general conduct of commerce. For the most part, we accept the "pledge" of other people about most business things without question and happily they keep their promises. However, another kind of "pledge" is sometimes necessary which calls for a more formal arrangement, particularly where sizeable amounts of money are involved. In these cases the borrowing party "pledges" (usually in writing) to give possession of some of his capital assets if he is unable or does not meet the terms of his obligation.

Point of Purchase Display	Attention-getting arrangement of products on the shelf, using banners, posters or small cards which attract the attention of the shopper to a particular product on the shelf
Posting	To enter in an account. Literally, "post" means to give a position to.
Prepaid Expenses & Deferred Charges	Assets, usually intangible, whose usefulness will expire in the near future (e.g., insurance policies)
Price	The cost of a product to the customer. The price of a product should be cost oriented and market oriented. Pricing policy must be flexible enough to vary according to changing consumer needs and competition.
Pricing	To set a value upon something. "Pricing" is one of the small businessperson's most important management functions but it is one that is too often left to chance. How well the businessperson handles his/her pricing may well determine if and how much profit he/she will receive and often how much business he/she will get. Anything as important as "pricing" certainly should not be left to "what the traffic will bear" or "what the other outfits are charging". It is far better to figure prices scientifically by figuring out all the costs involved and adding a fair profit, then compare your price with the market.
Principal	Property or capital assets as opposed to income; also, one who is directly concerned in a business enterprise. This is still another of those confusing words with more than one meaning but if you really consider that it means "the first in importance" whether we are talking about people or capital assets the meanings make more sense. Therefore the money you invest in a business is the first in importance--principal--and if you are investing money and/or effort in business you are a "principal".
Product	A good or service that someone is willing to sell and someone is willing to buy. A product consists of a whole set of values received by the buyer. These values satisfy specific consumer needs--psychological as well as physical.
Product Line	A group of products that have similar uses and physical characteristics (e.g., sporting goods, health aids)
Product Mix	The collection of product lines offered by a store (e.g., sporting goods store -- golfing equipment, ski equipment, tennis racquets, basketballs; drug store -- beauty aids, health aids, infant goods)

Profit	Financial gain; returns over expenditures. Simply put, "profit" is what you've got left after paying for everything.
Profit and Loss Statement	A statement summarizing the results of business operations over a period of time
Profit Margin	An allowance above expenditures in a price. A businessperson plans for his/her profits by building them into his/her prices (see Pricing).
Promotion	All the communications between a businessperson and her or his present and prospective customers. The goals of promotion are to (1) stimulate sales of a product and (2) create a good business image.
Promotional Blend	The mixture of advertising, sales promotion, personal selling and public relations used by a business
Proprietorship	Subject to exclusive ownership. A "proprietor" is one who owns a business and a business owned by one person is called a "proprietorship".
Public Relations	The kinship of business with the political, educational, commercial, and charitable life of the community. Public relations is civic-mindedness which creates a company image, promotes customer goodwill and ultimately affects sales favorably.
Ratio	The relationship of one thing to another. A "ratio" is a short cut way of comparing things which can be expressed as numbers or degrees. For example, we say that a green grocer has a 10 to 1 loss ratio on lettuce and that's a short cut way of saying that for every 10 heads of lettuce that the grocer buys, on the average, he loses one head that doesn't sell or spoils before it can be sold and so has to be thrown away. Ratios of this kind are figured by keeping figures over a period of time--for example the grocer may have learned his loss "ratio" by keeping track of how many heads of lettuce he sold during the month and counting those he threw away. The "ratio" here is figured by dividing the number lost into the number sold.
Ratio Analysis	The use of ratios (one number expressed in terms of another, such as ROI) to analyze the financial condition of a business

Receivable	Ready for payment. When a businessperson sells on credit, he/she keeps "accounts receivable" as a record of what is owed to him/her and who owes it. In accounting a "receivable" is an asset--it represents money that is owed to you. As such, "receivables" are listed as a current asset in the balance sheet.
Regulations	Rules or laws (affecting a business). It is accepted in our system of government that the state has the obligation of protecting citizens so government sets up laws which prevent injury to citizens. Some of these have to do with business practices and must be followed to avoid penalties. Of course, many such regulations benefit the small businessperson.
Reserve	That which is held back or stored for future use or in case of emergency. The success or failure of many young businesses depends upon their abilities to weather a financial crises. Even though the businessperson should plan his/her financial needs in greatest detail, unforeseen expenses are likely to occur sometime so he/she should have sufficient "reserves" to meet an emergency.
Retail	Selling directly to the consumer. Selling in small quantities directly to people who will use the product is called "retail". There is some confusion brought about by advertising which says, discount, cut-rate or "wholesale prices" but these operations are really "retail" as long as they are selling in small amounts to the general public.
Retailer	A middleman who sells directly to the consumer; usually buys products in large lots from a manufacturer or wholesaler and sells them to customers in small individual sales
Retained Earnings	The difference between total earnings to date and the total amount of dividends to date; that is, it represents that part of total earnings retained for use in the business.
Return on Investment (ROI)	Net income divided by investment (investment can mean assets, owner's equity, or invested capital)
Return on Sales	Ratio of net income to net sales; used as a measure of overall profitability (also called profit margin or net income percentage)
Revenue	The amount customers pay for goods or services
ROI	see Return on Investment

Sales Promotion	A form of non-personal communication. Sales promotion includes marketing activities, other than advertising, personal selling, and public relations, which stimulate consumer purchasing. The function of sales promotion is to attract and hold the attention of potential customers. Examples: window displays, shelf displays, coupons, trading stamps.
Secured	Protected or guaranteed. "Secure" means to make a thing safe so when we speak of a "secured loan", we mean to make it safe or protect it by putting up something of value as collateral, as a guarantee of repayment.
Service Contract	An agreement between two parties where one party agrees to provide a service to the other
Service Business	A retail business which deals in activities for the benefit of others. If you go to a doctor or lawyer he/she will send you a bill marked "for services rendered". In that sense the doctor or lawyer is engaged in a "service business" the same as a laundry, auto repair shop or that part of a filling station business concerned with tire repairs.
Share	One of the equal parts into which the ownership of a corporation is divided. A "share" represents a part ownership in a corporation. How many "shares" one holds represents how much ownership he has. Of course, you can own "shares" in a firm without participating directly in the business. But in a small business, even if it is a corporation, the chances are that the owners participate or share the management responsibilities.
Shopping Goods	Expensive items worth comparative shopping (e.g., cars, appliances).
Short/Medium-Short Channel of Distribution	A path of a product from the producer to the consumer involved few or no middlemen. Short channels of distribution are usually used to distribute goods that are bulky, heavy, or perishable (e.g., fresh fruit, automobiles), to target customers that are located in one or a few geographic locations.
Short-term Loan	see Current Liabilities
Site	A plot of ground set aside for a particular use. The business "site" may or may not be owned by the business-person and it is often better to rent a "site" when a business is getting started. For many businesses, particularly retail businesses, the proper "stte" is most important because the location of the business determines the number and kinds of available customers.

Specialty Goods	A brand name item that consumers are willing to insist on (e.g., Crest* toothpaste, Gillette Foamy* shaving cream) * Trademark
Stabilizing	To make stable; to be less subject to ups and downs. Like a ship on the ocean, a business may run into a "rough sea" of changing conditions. The business "stabilizes" when it is not affected by these changes or when the conditions themselves are less fluctuating. Successful businesspeople look for "stabilizing" methods to smooth out the ups and downs--either by diversifying into products which are more "stable", eliminating the factors which cause the ups and downs--particularly the downs--or by operating on a level that minimizes the effects of the fluctuations.
Staple	A convenience good which is bought regularly (e.g., food, health aids)
Starter Gap	Formed by disarranging the display to make it appear that merchandise has already been purchased from it. Starter gaps serve to overcome the customer's reluctance to disturb a display.
Statistics	A collection of accurate numerical data; classified facts which can be stated in numbers. There are "statistics" of interest to a businessperson in every community. The local census figures are "statistics" as are the physical count of the number of businesses in a particular place. When a businessperson counts the customers who come into the store on a given day, he/she is gathering "statistics". Statistics are useful to a small businessperson because they are some of the facts he/she needs to make good decisions.
Stock	(1) An ownership share in a corporation (another name for a share) (2) accumulated merchandise. The things which a merchant has available for sale is referred to as "stock" and when he/she puts those things out for display, we say he/she is "stocking" the shelves.
Subsistence Income	The portion of disposable income which is spent on necessities such as food, clothing, shelter, utilities, local transportation, insurance and debt payments. Subsistence income is the money available to maintain a reasonable standard of living.
Tangible	Something that is real. Literally, "tangible" means that the thing is such that you can touch it but the meaning for business is something which can be seen and evaluated. We speak of "tangible" assets and we mean those real or touchable assets that have a value and can be converted, if need be, into cash. The "intangible" assets of a business

would be those things which may be of value but can't be measured or objectively evaluated, as for example, the goodwill that a business has built up.

Target Market	A particular segment of the total market of a product toward which the marketing effort is aimed
Tax Liability	A current liability; amount owed the government for taxes
Tie-in Display	Arrangement of different items of the same brand together
Trade Credit	Permission to buy from suppliers on open account. When you buy business supplies on credit you are really borrowing from the supplier--you have the loan of whatever he is selling you until it is paid for. Often the supplier extends this service for a period of time (usually 20 to 30 days) without charging interest but it is not uncommon for him to charge interest if the amount is large and the time for repayment is extended. "Trade credit" is useful to a small businessperson and he/she should make it a point to keep his/her reputation good so that he/she may continue the practice.
Total Market	All the potential buyers of a particular product
Unsought Goods	Items that are new on the market and unfamiliar to consumers (e.g., cars with rotary engines, soft contact lenses, herbal shampoo).
Visibility of Product	How easily the product is seen; depends on package design, the number of facings, shelf height and shelf position (with respect to flow of customer traffic)
Volume	An amount or quantity (of business). The "volume" of a business is the total it sells over a period of time.
Wholesaler	A middleman who buys products from the producer and sells them to retailers, institutions, industries, and government agencies; does not sell in significant amounts directly to the ultimate consumer

SMALL BUSINESS BIBLIOGRAPHY

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This bibliography is designed to be a comprehensive compilation of materials in small business ownership and management for use by students, teachers, researchers, businesspeople, and the general public.

SEARCH STRATEGY

In order to cull the relevant source material from the disparate information sources to be searched, a list of descriptors relating to small business was compiled. This list included all aspects of starting, running, and stopping a business. Because of the need to use such broad categories as planning, management, communications, etc, much of the material retrieved did not relate to small business per se. This unrelated material was eliminated from the final bibliography in order to make the listing a realistic reflection of the available sources on small business.

To make this a working bibliography, the following limitations were specified prior to the search: exclusion of most books dated before 1960, periodicals dated before 1970, highly theoretical treatises, works on international business or world economics, obscure or hard-to-obtain publications, works on high technology firms or organizations, and works dealing exclusively with the problem of minority-owned business.

Once the descriptors and limitations were determined, an evaluation form for use by the bibliographers was devised. Each publication was evaluated as to practicality, availability, general appeal to student and general appeal to teacher. The Smog Index was used on several typical publications in order to determine reading level.

The following information sources were used during the bibliographic search: the libraries of George Washington University, the University of Maryland, American University, and Georgetown University; the Small Business Administration; U.S. Department of Commerce; National Institute of Education; National Alliance of Businessmen; U.S. Chamber of Commerce; and the Library of Congress.

As often as possible, only those materials readily available to the general public, and particularly to the school population, were included in the final bibliography.

Besides books and periodicals, a search of available films relating to small business was made. These, too, were evaluated on the basis of availability, practicality, and appeal. Also included were the length of the film, year of release, distributor, and sale price and/or rental fee.

The SBA 16mm sound/color films listed in the bibliography are for use in training sessions for present and prospective small business owners cosponsored by SBA and educational institutions, government agencies, business firms, local business groups, Chambers of Commerce, or other organizations. Cosponsors may schedule the films through SBA field office Management Assistance Officers with whom they work on the cosponsored training.

Because of the limited number of film prints and the heavy demand for them, they are available on a loan basis only for cosponsored management training sessions for present and prospective small business owners.

A search of all existing curriculum materials in the field of small business ownership and management was also conducted. This was accomplished by an ERIC serach of educational journals and through contacts with the departments of education of each of the fifty states and the District of Columbia.

ORGANIZATION

The bibliography is organized under three major categories: The Environment of Small Business, Managing a Small Business, and Curricula. Each of these categories has been subdivided into discrete topical areas, encompassing, as a whole, the major aspects of small business ownership and management. This organization has made it possible to include each bibliographic item, with minor exceptions, under only one heading.

Finally, two charts were compiled for ease of accessibility to information on the listings in the bibliography. The chart entitled "Books, Periodicals, and Films on Small Business Ownership and Management" covers content area, grade level, evaluation of appeal to both teacher and student, and practicality. The chart entitled "Curricula on Small Business Ownership and Management" covers completeness (with respect to the five major aspects of curriculum development: objectives, content, learning experiences and teaching strategies, teaching aids, and evaluation), extent and means of validation, where or by whom it was validated, sources of funds for development, availability, and cost.

THE ENVIRONMENT OF SMALL BUSINESS

This section of the bibliography focuses on what small business actually is -- definitions of small business, the role of small business in the U.S. economy, small business success and failure, and the social responsibility and community relations of small business.

SMALL BUSINESS DEFINED

What is small business? What are the characteristics that set it apart from business in general and big business in particular? The materials described in this section attempt to answer these questions.

Books and Periodicals

Bunzell, John H. The American Small Businessman. Alfred Knopf, Westminister, 1962.

Intended to be a "suggestive," rather than a definitive, comment on "empirical realities" characterizing small business. Somewhat dated but good expression of ideology (ch. 3) and "spirit" of small business. A sociological-historical essay on small businesspersons, the myths surrounding small business, the beliefs of small businesspersons, their reactions to the realities of running their small businesses. A good perspective.

"Smallness Can be an Advantage." Stores. May, 1972.

"Small" is not too small (100 employees): advantages in training, communications, etc.

U.S. Chamber of Commerce Committee on Economic Policy. Small Business - Its Role and Its Problems. Washington, D.C., 1962.

What business officially thinks about small business. Its main problems are seen as inadequate management advising and high progressive tax structure.

Films

Russell, David. What is Business? Bryant & Stratton Vocational Aids, 1973.

Rod Serling narrates this well-done short introduction to business, and his narration is like the film itself, not too aggressive, and more suggestive than overloaded with facts. The business most frequently in the film is a small hip shop selling leather goods and some clothes. The owner is shown in several types of activity, such as realizing that he cannot both get much leather work done and tend shop at the same time; hiring another person; seeing that dresses he has purchased are not moving well and deciding to clear them with a sale; and getting a perspective on his business through examination of his accounts. By the end of the film he has been so successful that he and his worker will have to work overtime to get his orders done. The parallel parts of the film dealing with big business deal with the same problems on a larger scale, touching on personnel, advertising, long-range ordering and planning, and even profits, examplified by a woman receiving a $100 bonus in her paycheck for a useful suggestion. The film follows a pattern of shifting back and forth between the various businesses shown in the film during the narration of a particular concept. The camera work and production are so skillful that the acting in the film is hardly apparent, and as a result, this film is very believable.

SMALL BUSINESS SUCCESS AND FAILURE

Publications included here cover definitions and characteristics of small business success and failure as well as statistical information on these topics.

Books and Periodicals

Arizona State University. Patterns of Success for Small Businesses in Arizona. SBA, Tempe, 1962.

Eight different small businesses are reviewed under the headings of: Summary, Introduction, Entering the Business, Physical Facilities, Operating Methods, Operating Results - Profit and Loss, Comparisons and Conclusions. These are interesting case studies of actual small businesses and the factors influencing their success.

Cahill, Jane. Can A Smaller Store Succeed? Fairchild, New York, 1966.

A coverage of the environment in which "fashion type" small businesses operate.and an appraisal of their ability to survive given a set of specific circumstances, i.e., amount of money invested, location, stock, etc.

Clarke, Philip. Small Businesses: How They Survive and Succeed. Harper and Row, North Pomfret, 1973.

The usefulness of this book may be limited since it was published in Great Britain - generally for a British market. The author's emphasis on the creative thinking necessary in a small business is well-presented.

Dun & Bradstreet. The Failure Record Through 1970. Dun & Bradstreet, New York, 1971.

A summary of statistics on failures through 1970. Categorizes failures by size of liability, by specific retail and wholesale lines (e.g., eating and drinking places high in failures, drug and hardware stores low), by age of business, by underlying and apparent causes. Figures are skewed (low) because failure is defined as action involving loss to creditors.

Goodpasture, Bruce. Danger Signals in a Small Store. SBA Small Marketers Aid #141. SBA-GPO, Washington, D.C., 1970.

This SBA publication discusses the danger signals concerning customers, displays and merchandise, buying and selling, employees, money, records.

Hoad, William and Rosko, Peter. Management Factors Contributing to the Success or Failure of New Small Manufacturers. Bureau of Business Resources. University of Michigan, Ann Arbor, 1964.

This study, financed by a grant from the Small Business Administration, examines the characteristics of new small manufacturers in relation to subsequent success or failure, in order to determine which characteristics generally accompany success.

Levinson, Robert E. Six Methods for Success in a Small Store. SBA, Washington, D.C., 1973.

A brief discussion of six methods for increasing a store's potential for success.

Mayer and Goldstein. The First Two Years: Problems of Small Firm Growth and Survival. SBA, Washington, D.C., 1961.

A review of those factors that influence the success and failure of small businesses.

Proxmire, Senator William. Can Small Business Survive? Henry Regnery Co., Chicago, 1964.

A discussion of small business problems and how to get around them. Fairly good guide to resources (government, trade associations, etc.). Complete with quotes from small businesspersons.

Ringstrom, N. H. Case Studies in Business Success and Failure. Oklahoma State University, Stillwater, 1962.

A study which attempts to go beyond the usual large categories (manager inexperience, competition, etc.) given for failure. Concentrates on furniture and appliance-retailers and construction contractors.

"Slowdown Creeps up on the Small Stores." Business Week. July 19, 1969.

Realistic reading on how economic slowdown influences small (as opposed to large) retail stores.

U.S. Senate. Small Business Failures Report. GPO, Washington, D.C., 1962.

Summary of hearings on small business failures. Statistics, detailed discussion of causes, and recommendations. The companion hearing transcripts are also interesting.

Woodruff, Archibald M. and Alexander, T.G. Success and Failure in Small Manufacturing. Greenwood Press, Westport, 1974.

Good discussion of small manufacturers' problems, including market research, poor recordkeeping, unclear objectives, excessive fixed costs. Analysis of "critical incidents" (which lead to collapse) and their underlying causes.

Films

Dun & Bradstreet. Small Business, U.S.A.: The Story of Main Street. Dun & Bradstreet, 1955.

Although no longer conveniently available through the numerous Modern Talking Picture Service outlets, this film still has some utility for a small business curriculum, given the paucity of films on the subject now available. It covers a great deal of ground in discussing in a palatable way, the numerous ingredients for success in small business, and despite its age most of these factors are just as necessary for a successful small business today as they were then. The film has a kind of narrator in a George Hester, who says he is an accountant in a small town or city. He talks about the various businesses he has seen come and go or stay on "Main Street" in the past several decades. Most of the film is comprised of "acted" situations to illustrate sensible or bad types of management, but also the point is repeatedly stressed that there is no single ingredient for success in small business. Dun & Bradstreet makes its entrance into the film in the form of a Dun & Bradstreet reporter who is evaluating the various businesses on Main Street, and he serves as a kind of objective focal point, the index being the success of the particular business. A few characters are used to represent overly traditional and bad judgment practices, but more emphasis is placed on why the grocer, druggist, and hardware store operators are successful. The narrator sums up some of the necessary components of success: merchant instinct, know-how and knowledge of the market, buying and financial skills, good record-keeping, the ability to take advice and criticism, and integrity, especially important for credit. Made when it was, the film reflects absolutely the homogeneous, white male business world of the 1950's, and the fact that it lacks a perspective necessary for more recent developments and changes in the business world (franchises, etc.) limits the use of the film. However, even after twenty years, the film contains materials unavailable in other films on small business.

SMALL BUSINESS IN OUR ECONOMY

The material contained in this section describes important economic relationships that are basic to an understanding of small business.

Furman, William A. Stones of Eden. Contemporary/McGraw-Hill Films, 1965.

The value of this film is not in its application as a small business training film, but as a simple and very beautifully done example of economic relationships in their most basic form: the peasant's subsistence economy. Stones of Eden is a beautifully photographed portrait of what it means to be part of a peasant family in a less than bountiful environment, in this case Afghanistan. The farmer and his wife are continually involved in the daily work of agriculture, cooking, etc., that is necessary to continue their lives in these conditions. Their son goes to school when he can be spared from farm work, and his parents want him to get enough of an education so that he will be able to get a job as a truck driver when he is older. One of the family's two cows may not last, which may put the family in financial difficulties. Although crop and field rotation is practiced, the soil is so poor that the yield is very small, and there is no way to fertilize the fields within the means of the family. When the cow dies, the farmer, who must have two in order to plow the fields, goes to one of the area's noblemen to borrow against his harvest to purchase another cow. The Koran forbids usury, so instead of charging interest, the noble loans him the money, which the farmer will pay back in bushels of wheat, at half the market value of his crop. The viewer is left with a feeling of emptiness at the seeming endlessness of this cycle, if no change in social relationships, no influx of capital, or no scientific and technological innovations are provided. Although this film has little practical application, it is intrinsically interesting, and its value is perhaps in its implications: the things that are missing, the things we take for granted.

COMMUNITY RELATIONS AND SOCIAL RESPONSIBILITY OF SMALL BUSINESS

Publications included in this section deal with society's increased awareness of business responsibility and the interdependence of small businesses and their communities.

Books and Periodicals

Brown, James K. Social Responsibility and the Smaller Company: Some Perspectives. The Conference Board, New York, 1972.

A quick (appropriate for high school students) coverage of social responsibility and the smaller firm - what social responsibility is, its validity, the difficulty of the small business in meeting its obligations. Written definitions of corporate social responsibility are given.

"Consumers Battle at Grass Roots." Business Week. Feb. 26, 1972, p. 86.

Discusses local consumer action groups which deal more effectively with local problems than does national legislation.

Cravens and Hills. "Consumerism: A Perspective for Business." Business Horizons. 13:21-28, 1970.

Discusses gaining an understanding of consumer behavior through involvement in consumer affairs and appropriate marketing strategy. Also treats the nature, origins and scope of consumerism.

Garrett, Thomas M. Business Ethics. Appleton-Century Crofts, Prentice-Hall, Englewood Cliffs, 1966.

This book was designed for use in business school courses and in-company training programs. It is an introductory book intended to supply a minimum framework of business ethics and a method of analyzing ethical problems faced by businesspeople.

Goodman, Stanley. "The Fallen Image of Business Is Dangerous." U.S. News & World Report. Jan. 28, 1974.

This addresses the question, "How responsive is business?" and discusses possible solutions, such as more social objectives and socially responsive achievements by managers. It is an address delivered before National Retail Merchants Association, Jan. 7, 1974.

Heyne, Paul T. Private Keepers of the Public Interest. McGraw-Hill, New York, 1968.

A very realistic coverage of economic, social and ethical considerations of business' responsibility to society, especially the consumer. Treats in plain language notions of profit, conscience, competition, and ethical codes.

Hodges, Luther H. The Business Conscience. Prentice-Hall, Englewood Cliffs, 1963.

The book uses many recent examples from the news and from the author's own experience, traces the roles of businesspersons, fair competition, public interest and the businessperson "after hours."

Howard, John A. "Don't Sell the Buyer Short." Nation's Business. 58:34-35, 1970.

This article argues that advertising no longer sways consumer decisions; that as the consumer becomes more aware, advertising as it stands loses its effectiveness.

Kaye, William G. "Take in a New Partner: The Consumer." Nation's Business. 58:54-57, 1970.

This article discusses consumer good-will, business considering the consumer, complaint mechanisms, guarantees, etc. Also covers consumer education and information.

McConkey, D.C. "Will Ecology Kill Small Business?" Business Horizons. 15:61-69, 1972.

Discusses waste utilization, government assistance, gradual phase-ins, prompt adjudication. Particular disadvantages of smallness are noted (with examples).

Miller, Robert. Profitable Community Relations for Small Business. SBA-GPO, Washington, D.C., 1961.

This booklet seeks to provide practical and pointed information on how to build and maintain sound community relations. It emphasizes the need for continuing participation in community affairs. Above all, it is intended to make managers of small business conscious of the fact that community relations is an important ingredient of business success.

Mobley, A. H. "The Truth Doesn't Really Hurt." Nation's Business. April, 1970.

Short readable essay by the President of Parade Publications on the importance of honesty in business.

Novick, D. "Cost Benefit Analysis and Social Responsibility." Business Horizons. 16:63-72, 1973.

Elementary description and examples of the basic elements of cost benefit measurement and its application.

Rust, Edward B. "What Business must Do If It Is to Survive." U.S. News & World Report. Oct. 8, 1973.

Accompanying an article on business' tarnished image, this speech by the president of the U.S. Chamber of Commerce points out that when business sees Nader, consumerism, etc., as enemies, it, not the consumer, is failing to understand the free enterprise system.

"The Shoppers' Friend at Giant Supermarkets." Business Week. April 6, 1974.

An article on Joseph B. Danzansky (president of Giant Food), an entrepreneur who owes his success to "biting the bullet first on consumerism." The article stresses Danzansky's emphasis on customer service and innovation.

Spencer, H. "The Dangers of Social Responsibility." Conference Board Record. Nov., 1972.

While aimed at larger corporations, this article brings out the other side of "consumerism" -- "corporate welfare makes good sense only if it makes economic sense." An important dissenting opinion.

"Stiffer Rules for Business Ethics." Business Week. March 30, 1974, pp. 87-89.

Aimed at executives with larger corporations but applicable in pointing out "gray areas" in personal business ethics.

Towle, Joseph W., et al. Ethics and Standards in American Business. Houghton-Mifflin, Boston, 1964.

From papers contributed to an annual business policy symposium at Washington University by three clergymen, seven professors and two businesspersons. Discusses the ethical confusion in the business community, alternative moral standards and contains a particularly useful section on how society views business ethics (as affected by advertising, price, etc.)

"What Consumers Call Quality." Condensed from Quality Progress, Management Review. July, 1973.

An interview with a representative of Montgomery Ward on standards for a consumer oriented approach to quality assurance.

Films

Burton, Phillip. The $100,000.00 Misunderstanding (Black Journal #29) Audiovisual Center, 1971. (19 minutes)

After the July 1967 riots in Detroit, a group for black self-determination was formed, and they were offered $100,000 by a city commision, which they turned down. The group decided that there were too many strings attached to the commission's offer, and it came down basically to a question of control. Instead a new group was formed, ICBIF (Inner City Business Improvement Forum), which did receive the money, and evidently on their own terms. The board of directors of ICBIF decides where to allocate the money, based on both financial pragmatism and community considerations. Besides paying back the loan, the sponsored businesses return 5% of their before-taxes income to ICBIF's fund to continue and expand the cycle. As of the making of the film, 100 black businesses with total assets of $5 million had been aided, with a long range plan of total assets of $1 billion and 100,000 new jobs. Their projects have included a large machinery shop, a food company which will form the basis for a franchise operation, and a very successful black bank, which sold $1.5 million in stock and now has assets of $18 million. ICBIF has been successful in attracting $3 from federal and local financial sources for every $1 they have raised "internally". Their chairman says at the end of the film that too many "black capitalism" programs have failed due to: a) too much white domination and consequently little response on the part of blacks, or b) setting their sights too low, and not making an aggressive enough entry into the economic arena. Although the emphasis is on helping blacks get a start in business, the film is well made, fast-moving, and should have a broad appeal.

Sandler, Allan Frank. The Women's Prejudice Film. Sandler Institutional Films, Inc., 1974. (18 minutes)

Aimed primarily at people who are already in, or expect to be in, the "world of business", this film is an attempt to change reactionary attitudes and dispel popular misconceptions about women and work. Narrated by Susan Oliver, specific issues - both statistics and attitudes - are dealt with in a concrete way. The basic format is a rhetorical question which is answered by a number of people, for the most part, believably. Some responses tend to be overly clichéd, too obviously acted, or predictable according to their appearance, although women often are shown saying submissive things, and not all the men are male chauvinists. The basic issues dealt with are absenteeism, the question of handling responsibilities and management, whether women should work at all, etc. After each scene, the narrator re-enters with the "correct" facts or improved ideas. A selection of women working at relatively unusual occupations and talking briefly about them are shown, and there is also a section on women talking about whether or not they are really up against male chauvinism at work. A fair amount of material is covered in a relatively short period, without becoming too repetitive or boring. The major drawback of this film is its slickness: parts of it look like a commercial for something, and too many of the people actually appear to be acting.

SMALL BUSINESS PEOPLE: PERSONALITY CHARACTERISTICS

Personality characteristics have been linked to small business success. Materials in this section discuss this relationship.

Books and Periodicals

Pickle, Hal. Personality and Success. SBA-GPO, Washington, D.C., 1964.

A research study and evaluation of personal characteristics of successful small business managers. Contains a very interesting definition of small business success.

Schwartz, Irving. Personal Qualities Needed to Manage a Store. SBA Small Marketers Aid #145. SBA-GPO, Washington, D.C., 1970.

This pamphlet covers motivation of management, ability to read customers, ability to get along with people, ability to adapt to change, ability to inspire and direct, willingness to serve.

Smith, Norman Raymond. The Entrepreneur and His Firm: The Relationship between Type of Man and Type of Company. Michigan State University, East Lansing, 1967.

A technical study based on data gathered from interviews with the owners of fifty-two enterprises. The sociological background, career patterns, and business behavior of two types of entrepreneurs, the craftsman entrepreneur and the opportunistic entrepreneur, are described and related to their ways of handling their firms.

Films

Dyer, Vincent. Lloyd's Cafe. Calif. Inst. of the Arts, 1972. (24 minutes)

Shot in a cinematic style that might be considered close to "cinema verité", Lloyd's Cafe is more of a portrait than anything commonly known as a "documentary." The camera shows the cafe and its surroundings, then films and follows the people while they work. The sound track is made up of both the natural sound on location, and also taped-over interviews with the people being filmed. The owners are a retired couple who moved to Baker, California, and ended up managing this cafe and working as cook and waitress as well. Other employees are a middle-aged cook (male), a high-school-aged waitress, a young busboy, and a man who does the gas station work. All admit the isolation and unlikeliness of working at such a place and location, but all seem to have strong reasons for preferring their situation to another job: for one it's the friendliness of the people at the cafe, for another the freedom of working when he wants to, and the gas station worker admits that $1.50 an hour is not much money, but he says he has no bills to pay, free room and board as part of the job and a feeling of belonging. Near the end of the film the camera moves back to Lloyd who talks about the advantages of being small, inexpensive and unpretentious (comparing the cafe to the brightly-lit neon drive-ins down the road). The film is a bit crude in technique and something less than rigorous in pursuit of its goals, but its content and presentation seem unique in the area of small business films.

The Habit of Winning. SBA. Sales Branch, National Audiovisual Center, GSA, Washington, D.C. 20409. (29 minutes)

Jerry Kramer, the all-pro guard of the Green Bay Packers, discusses with six of his former teammates (all now successful businessmen) the Lombardi philosophy of winning and its applications to business situations. During the discussions and Kramer's summing up, answers are provided to such questions as: Is winning important? What makes a winner? Can a man turn himself around? Does the will to win endure? Is winning a habit? The Lombardi philosophy states that "running a football team is no different from running any other kind of organization -- an army, a political party, a business. The objective is to win -- fairly, squarely, decently, by the rules -- but to win." Kramer's former teammates cite examples of how the "habit of winning" applies to their business operations.

MANAGING A SMALL BUSINESS

Publications dealing with the second phase of the business life-cycle, the managing or running phase, are included in this section.

PLANNING

Planning, an essential part of the small business person's job, is discussed in the publications included here.

Books and Periodicals

Business Plan for Retailers. SBA-GPO, Washington, D.C., 1972.

A workbook guide to setting up a business plan, including questions for the businessperson to answer, and a discussion of the advantages of planning.

Minnesota, University of. The Place of Forecasting in Basic Planning for Small Business. For SBA, Minneapolis, 1961.

The contents of this book covers the need for planning in small business; how small businesses currently do both short and long-term planning.

Wheelwright, S.C. "Strategic Planning in Small Business." Business Horizons. 14:51-58, 1971.

This book covers achieving satisfactory profitability through consideration of certain characteristics of strategy-making, e.g., corporate objectives, environment, resources, management.

Wingate, John and Helfant, Seyman. Small Store Planning for Growth. SBA-GPO, Washington, D.C., 1966.

The author discusses planning methods of growth. Appendices have checklists on increasing transactions, increasing gross margin, interior arrangement, and display.

Woelfel, B. La Salle. Guides for Profit Planning. SBA-GPO, Washington, D.C., 1960.

Covers the basic areas of profit planning, i.e., break even analysis, gross profit analysis, rate of return on investment analysis, and how these areas are interrelated.

Films

The Business Plan. SBA. Sales Branch, National Audiovisual Center, GSA, Washington, D.C. 20409. (14 minutes)

This film dramatizes the need for and elements in a business plan as a management tool for successful business operation. Dialogue is mostly between the two main characters: Joe Duvan, an appliance store owner, whose business is declining because he hasn't done any planning or kept up with changes; and Frank McDuff, Joe's brother-in-law, a service writer in an automobile agency. The story opens in Joe's office. Frank tells Joe he has finished two years of small business training in night classes and is planning to open an automobile service shop. He shows Joe his business plan and enthusiastically tells why it is important. Joe is at first derisive, but later admits his own business is failing. Further discussion reveals that lack of planning has been a key factor in the decline of the business. Frank's enthusiasm, well-founded reasons for planning, and factual presentation of the main points in a business plan convince Joe that he too, needs a plan.

MANAGEMENT

This section includes materials relating to general management skills.

Books and Periodicals

Allen, Louis. Starting and Succeeding in Your Own Small Business. Grosset & Dunlap, New York, 1968.

The author, a former small businessperson, emphasizes problems, mistakes and attitudes of small business persons and discusses how to raise money, get customers, select products. Presented in a relaxed, anecdotal style.

Banks, Russell, Ed. Managing the Small Company. American Management Association, New York, 1969.

A series of readings in various aspects of small business operations -- personal, finance, advertising, etc.; best sections are those on government regulation of small business and special problems of the smaller company.

Baumback, C., Lawyer, K., and Kelley, P. How to Organize and Operate A Small Business. 5th ed. Prentice-Hall, Englewood Cliffs, 1973.

A textbook intended for use by adults (students or owners) interested in small business. Discusses small enterprises in retailing, wholesaling, manufacturing, and the service trades. Sections on the role of small business in the economy, factors needed for small business success, and management techniques.

Broom, Halsey N. and Longenecker, J. G. Small Business Management. 3rd ed. Southwestern Publishing Company, Dallas, 1966.

A college textbook which includes sections on the environment of small business, philosophy of the entrepreneur, problems of starting a new business, financial, marketing, and production management, and legal and governmental factors related to small business. Includes short (2-3 pages) cases which require analysis of financial, marketing, and organizational data.

Checklist for Going Into Business. Small Marketers Aid #71. SBA-GPO, Washington, D.C., 1961.

A simple checklist to help the prospective entrepreneur to determine his strength and weaknesses. Covers topics such as money, records, advertising, and market information.

Cohn, Theodore and Lindberg, Roy. How Management Is Different in Small Companies. American Management Association, New York, 1972.

Includes discussions by company executives of size-related differences in management. Sections on the use of information (in small companies), innovation, and personnel problems.

Dailey, Charles A. Entrepreneurial Management: Going All Out for Results. McGraw-Hill, New York, 1971.

Considers styles of management, managerial diplomacy, and "the new entrepreneur."

Dible, Donald M. Up Your Own Organization. Hawthorn Books, Inc. New York, 1973.

This is a very interesting, fast-paced book. A manual with some good anecdotes (success stories) and a lot of factual material (where to find training programs, lists of business periodicals, money sources, etc.). Stresses entrepreneurship: what activates a small businessperson, how to decide whether to become one, how to do it. (Good formula business plan including a section on how to select supporting professional services).

Dickson, Franklin J. Successful Management of the Small and Medium Size Business. Prentice-Hall, Inc. Englewood Cliffs, 1971.

A basic coverage of small business finance broken into four areas: how to raise long and short term capital; how to set up accurate books, effective records and profitable credit management, effective tax planning for smaller operations. This is a clear and easily read approach to these areas. Each section concludes with a short true-false test, with answers in the back of the book. Several sections include hypothetical cases to demonstrate points covered in that section.

Duncan, Delbert. Retailing: Modern Concepts and Practices. Richard Irwin, Homewood, 1970.

This is a programmed learning aid intended for college students. Good detail on store location, design, sales techniques. Emphasizes qualitative over quantitative principles.

Gilmore, Frank. "Formulating Strategy in Smaller Companies." Harvard Business Review. May-June, 1971.

Evaluation of approaches to analyzing operations. Outlines a simple, practical method of assessing position and objectives in a small business. Checklist of questions to use in formulating strategy. A six step plan to guide company management in their efforts to formulate a company strategy.

Grunewald, Donald. What You Should Know about Small Business Management. Oceana Publications, Inc., Dobbs Ferry, 1966.

This is a very basic coverage of what small business is, who is involved with it, and what actions are performed in the operation of a small business. A short and simple approach; should be excellent introductory material for the high school student.

Hoad, William M. Cases in Small Business. University of Michigan, Ann Arbor, 1968.

This book is a compilation of thirty-five cases concerning actual small businesses and their management. The products, circumstances, and people in these cases cover a wide range and illustrate the diversity of small businesses and their problems.

MANAGEMENT (cont.)

Hosmer, Windsor Arnold et al. Small Business Management: A Casebook. Richard Irwin, Inc., Homewood, 1966.

A book of thirty-five case studies of actual small manufacturing concerns. Also contains a section called "Notes and Readings" on such topics as the position of small business in the American economy, career opportunities in small business and financing small enterprises.

Kelley, Pearce C. et al. How to Organize and Operate a Small Business. 4th ed. Prentice-Hall, Englewood Cliffs, 1968.

Good outlines and checklists.

Klatt, Laurence A. Small Business Management: Essentials of Entrepreneurship. Wadsworth Publishing Company, Belmont, 1973.

An attempt to summarize the essential concepts and techniques related to the managerial problems of a small firm, written in nontechnical language from the utilitarian viewpoint of a present or potential businessperson. An overview -- suggested materials for in-depth treatment of particular topics given at end of each chapter. Each chapter is followed by a brief managerial incident, developed around a related management concept, problem, or practice. Three comprehensive cases are given in an appendix to give the reader a feel for the problems and practices involved in starting and managing a small business.

Lasser, J. K. How to Run a Small Business. McGraw-Hill, New York, 1963.

Written as a practical guide for small businesspeople who find that in addition to the "know-how" of a business, successful management requires a working knowledge of financing, accounting, insurance, office management, and other specialized business activities. Covers these topics in three sections on 1) going into business, 2) managing and operating your business and 3) management of specific business phases.

Levinson, Robert E. Six Methods for Success in a Small Store. Small Marketers Aids #127. SBA-GPO, Washington, D.C., 1967.

Discusses how to increase a business' potential for success. Covers catering to customers, building an image, encouraging teamwork, planning ahead, looking for profit volume and "paying your civic rent."

McGregor, Clarence. Retail Management Problems of Small and Medium-Size Stores. Richard Irwin, Homewood, 1962.

Specializes in small and medium-sized stores. Some cases are fairly simple, although they are generally too sophisticated for high school students. Some of the material also seems dated. Contains a case on liquidating a retail business.

_____, and Chakonas, Paul C. Retail Management Problems. 4th ed. Richard Irwin, Inc. Homewood, 1970.

A casebook of retailing problems in accounting, sales, store organization, financing, etc. Cases are followed by lists of specific questions to be answered.

Metcalf, Wendell O. Starting and Managing a Small Business of Your Own. The Starting and Managing Series, volume 1, SBA, Washington, D.C., 1973.

This comprehensive and concise publication covers all general aspects of starting and managing a small business. Topics discussed include personality characteristics of successful owner/managers, financial considerations, franchise pros and cons, purchasing, pricing, selling, legal requirements, and goal setting. The checklist for starting a business is particularly helpful.

Petrof, John, Carusone, P.S. and McDavid, J.E. Small Business Management: Concepts and Techniques for Improving Decisions. McGraw-Hill, New York, 1972.

Aims to teach people with non-managerial backgrounds how to improve their managerial skills. Rather theoretical approach based on decision-making principles. Includes chapters on internal and external sources of information for small businesspersons, pricing, break-even analysis, and ways to improve advertising, production, and personnel performance.

Rachman, David J. and Elam, Houston G. Retail Management Cases. Prentice-Hall, Englewood Cliffs, 1969.

Presents cases dealing with three areas in which the retailer has control over his firm's relations to the external environment: goods and services, physical distribution, and communication. Stresses the impact of management decisions on consumers. Cases average three pages.

Rotch, William. Management of Small Enterprises: Cases and Readings, 2nd ed. University Press of Virginia, Charlottesville, 1967.

A textbook designed to be used in courses on general management problems. Three introductory chapters emphasizing the planning of objectives, marketing, and long-term financing are followed by cases on new businesses and on growing enterprises. Cases are detailed and average ten pages.

Steinmetz, Lawrence M.; Kline, J.B.;and Stegall, Donald. Managing the Small Business. Richard Irwin, Inc., Homewood, 1968.

A college textbook on small business management. Extensive sections on starting a small business, financial management, legal organization, etc. Includes a chapter comparing small business and big business management as ways of life, and one on the use of consultants.

Wingate, John W. Management Audit for Small Retailers. SBA-GPO, Washington, D.C., 1971.

A booklet of questions (yes or no answers) with commentary. Some are general, some specific. Might be useful as a checklist of things to do for better management. Questions often presuppose knowledge of business terms and practices.

Films

Klein, Walter J. My Favorite Grocer. Walter J. Klein Co., Ltd. 1973. (15 minutes)

In 1957, in Charlotte, North Carolina, a grocery store burned down. The owner/manager gathered his employees together that night and they decided to stick with him. The next day he was selling out of his parking lot, and in three days he had an open-air building set up. Today he is the owner and manager of several grocery stores in Charlotte, and in the film he explains some of what is involved in keeping up with today's customer: efficiency, cost-cutting, modernization, etc. Employee's lack of courtesy to customers and being out of an advertised special are the two things that upset him most. He emphasizes the grocery store's precariousness: it usually operates on a 1% net profit. The film is a contemporary-looking production, well-shot, and does not pound one over the head with its sponsors' products. As the film is free, it would be useful in small business curricula to show an example of this type of business.

Norwood Studios. The Marvelous Mousetrap. BNA Films. 1963. (24 minutes)

This film is a fairly simple-minded attempt, in a now-dated style, to educate the "general public" in the philosophy behind American business. Wally Cox is used in three different roles in the film, mainly as the company president, and as the disgruntled consumer/worker. He enters a hardware store to buy a mousetrap, choosing a "Marvel Mousetrap" and gets a lecture from the owner of the store on why middlemen are necessary. He discovers the mousetrap is defective, and complains to the store owner. The complaint reaches the president of the company, who launches a computerized investigation. The faulty link turns out to be none other than Wally Cox the worker, who, it is eventually discovered, lets a few uncompleted traps go by on the assembly line when telling jokes. After a long lecture from the one Cox to the other Cox on how this all fits together, the president realizes he hasn't really been communicating too well with his employees, and the worker/consumer finally understands the relationship between his two roles.

The Real Security. SBA. Sales Branch, National Audiovisual Center, GSA, Washington, D.C. 20409. (20 minutes)

Narrated by Joe Powell, the message is "In a changing world, if you're not adaptable, you disappear." The film is designed to inspire and motivate employees of an organization at all levels to overcome resistance to change and banish "mental retirement."

University of Wisconsin. Starting and Managing a Successful Business. University of Wisconsin Extension. 1970. (90 minutes).

This film is made up of studio sections which are either of the lecture or seminar type of presentation, and also film shot at the business location, and in interviews with the owner/manager of the business. The film opens with an introduction by Orville Palmer, Chairman of the Department of Commerce, at the University of Wisconsin (Madison), who also serves as the film's narrator. He points out that 95% of U.S. businesses have fewer than 20 employees. Another professor in the Department of Commerce gives a five or ten minute lecture outlining a pattern that most businesses seem to follow in their development: 1) a craft stage, in which the product or service is developed to a more perfected state; 2) the promotion stage, in which either an outsider enters who is interested in growth and expansion, or the original person sees the market for their product and begins plans for expansion; and 3) the administration stage, where the company has proved itself financially and now must concern itself more with stabilization than with rapid development. Through the two sections of the different businesses this construct is used as a means of clarification. The first business was begun by a typewriter salesman who saw the need for a non-liquid type cleaner and developed one in his basement. He marketed them personally and began subcontracting the work when sales got high enough. This developed gradually into an office-supply company, the W. T. Rogers Company, which does an annual gross of about $1,000,000 today. The other business, a Midas Muffler Shop, was started by a worker in a machine shop who felt inhibited not working for himself. Taking a job managing a gas station, he offers free installation of mufflers purchased there, and realizes the market for this type of specialization. His business prospers. (His success is due partially to his early entrance into the franchise field.) The bulk of the film covers these two firms fairly thoroughly, ending with a round-table discussion with a few faculty people, the owners, and some other businessmen, including a representative from Dun and Bradstreet. The film closes on an affirmative note, that with good management and the other necessary factors, it is still possible to develop a successful small business. The only real drawback of this film is its all-too-typical participants: nothing but middle-aged, white, male businessmen.

(Note: Though the following two films were designed primarily for use with the manual for SBA's pre-business workshop program, they may be used in other SBA cosponsored training programs where they will be an integral part of the session.)

A Case in Point. SBA. Sales Branch, National Audiovisual Center, GSA, Washington, D.C. 20409. (11 minutes)

Through the experiences of the main character, tells of various services available to small business owners from the Small Business Administration.

Three Times Three. SBA. Sales Branch, National Audiovisual Center, GSA, Washington, D.C. 20409. (13-1/2 minutes)

Through dramatization and discussion, illustrates nine important keys to small business management success.

COMMUNICATIONS

Although the publications included here are not directed specifically to small business, we have included them because of our belief in the importance of communication to successful small business ownership and management.

Books and Periodicals

Colorado University Bureau of Business Resources. Communicating Information to Small Businessmen. Colorado University, Boulder, 1963

A summary of why small businesspersons lack information (they don't have time to go out and get it) and how to better get it to them (make it short, simple and readily available). Lots of diagrams.

Janis, Jack. Writing and Communicating in Business. 2nd ed. MacMillan, New York, 1973.

A very sophisticated (but not complicated) textbook.

Marryshow, Lester. "Check Your Telephone Manners." Supervisory Management. May 1970.

Very practical list of telephone do's and don'ts.

Mintz, Harold K. "Business Writing Styles for the 70's." Business Horizons. 15:83-87, 1972.

A very nice article covering the following: clarity, information, organization, readability, words, sentences, paragraphs, readers' needs. Emphasizes purposes of business writing.

Read, Jeanne. Business English. McGraw Hill, Gregg, New York, 1972.

Includes text, review sheets, and self-tests. Effective.

Slattery, James. Business Letter Writing. Doubleday and Company, Garden City, 1965.

This is a practically oriented and simply written programmed text.

Swift, Marvin H. "Clear Writing Means Clear Thinking." Harvard Business Review. 51:59-62, 1973.

Emphasizes that writing often clarifies thinking. Has a good example of revising a rough draft and what to avoid in business writing.

Weiss, Allen. "Better Business Writing." Supervisory Management. 3 parts. May-July, 1969.

Practical points on business writing. Sophisticated in that it deals with interest and persuasion, rather than grammar.

COMMUNICATIONS

Wienan, Solomon. The Blue Book of Business Letter Writing. Simon and Schuster, Regents Publishing Company. New York, 1969.

A very complete reference book - kinds of business letters, parts of letters, a section on grammar.

SELECTING A LOCATION

This section includes materials regarding criteria for selection of a location for a business and publications on buying an existing business versus starting one from scratch.

Books and Periodicals

Fowler, Robert A. and Hummel, Theodore W., Eds. Buyerism - How to Buy a Franchise or a Small Business. WWWWW Information Services, Rochester, 1970.

Assistance available to the buyer. Evaluating the opportunity. Questions to ask seller. This is a "how to" approach with emphasis on the doing and not the theory of developing a small business opportunity.

Lowry, James. Using a Traffic Study to Select a Retail Site. SBA-GPO, Washington, D.C., 1973.

This publication is a discussion of the use of pedestrian and automobile traffic counts to estimate store sales, prior to site selection.

McKeever, J. Ross. Factors in Considering a Shopping Center Location. SBA Small Marketers Aid #143. SBA-GPO, Washington, D.C., 1970.

The purpose of this Aid is to provide small retailers with background information so that they can decide whether to locate their stores in shopping centers should such a decision be necessary. Among other things, it discusses the landlord-tenant relationship, the cost picture, and shopping center characteristics.

Vorzimer, Louis Using Census Data to Select a Store Site. SBA-GPO, Washington, D.C., 1974.

An explanation of the value of census data in choosing a location for a small business.

Weber, Fred I., Jr. Locating or Relocating Your Business. SBA Management Aid for Small Manufacturers #201, SBA-GPO, Washington, D.C., 1969.

This is a very short and simple discussion of a company's market, available labor force, transportation, raw materials, available buildings/business sites, with emphasis on the practical.

Films

It's Your Move. SBA. Sales Branch, National Audiovisual Center, GSA, Washington, D.C. 20409. (13 minutes)

Designed to inform small business owners faced with relocation problems because of urban renewal about help available through SBA and Urban Renewal offices and to motivate them to take positive steps if they wish to relocate.

FINANCIAL MANAGEMENT

This section includes publications on using accounting data in making investment, pricing and other decisions.

Books and Periodicals

Archer, Stephan G. and D'Ambrosio, Charles A. Business Finance: Theory and Management. 2nd ed. MacMillan Company, Riverside, 1972.

Suggested as an alternative text for those desiring yet another approach to the finance side of business. Introductory section gives a background of how finance has developed and its place within the business framework.

Barker, Phyllis A. Budgeting in a Small Service Firm. SBA Small Marketers Aid #146. SBA-GPO, Washington, D.C., 1971.

This Aid points out the value of budgeting in setting goals, planning for increased profits, and financial control.

Crites, Sherman E. "Of Men and Money: The Problems of Small Business." Management Accounting. 51:14-16, 1970.

Points out need for small businesses to have adequate "reserves" of people (employees and management) and money if they are to have a good chance of success.

Dun & Bradstreet Business Library. Cost Control in Business. Apollo Editions, Business Books, New York, 1970.

This book considers managing vs. operating, reading financial statements, calculating mark-up and selling price. "Cost Control Checklist for Smaller Businesses " (Chapter 6).

Gibson, James L. and Haynes, W. Warren. Accounting in Small Business Decisions. University Press of Kentucky, Lexington, 1963.

How the use of accounting data can be of importance to the small business in making investment, pricing and other decisions.

Hanson, Dale S. "Creative Financing in Today's Economy." Banker's Magazine. Jan., 1971.

Four short cases are given to demonstrate the application of "creative financing in today's economy."

Hungate, R.P. Interbusiness Financing. SBA-GPO, Washington, D.C., 1969.

Discusses the use of backing by a larger firm of a small business in order to enable the small business to be able to obtain a loan. Good background for a firm wishing to explore alternative means of expansion financing.

FINANCIAL MANAGEMENT (cont.)

Katz, Benjamin. Happiness or Misery. Overlook Company, New York, 1971.

A technical approach laying out the reporting procedures necessary for the successful financial management of a small business. It is centered around the comptroller of the organization.

Komenda, Frank. Sweeping Profit Out the Back Door. Small Marketers Aid #138. SBA-GPO, Washington, D.C., 1969.

This book advises small business persons on how to be aware of and prevent small wastes which eat into profit.

Moore, Carl L. Profitable Applications of the Break Even System. Prentice-Hall, Englewood Cliffs, 1971.

Shows how the relatively simple concept of a break-even point can be enlarged and put to use in the control of costs, in the selection of the best economic alternative, and in making decisions and plans in virtually every area of business endeavor. Several applications of the break-even concept are discussed and illustrated to stimulate thinking and to give ideas that can be applied to the reader's own business situation.

Murphy, John. Sound Cash Management and Borrowing. SBA-GPO, Washington, 1971.

This book gives a lending officer's viewpoint and stresses the importance of good management.

Films

The Heartbeat of Business. SBA. Sales Branch, National Audiovisual Center, GSA, Washington, D.C. 20409. (14 minutes)

Emphasizes the importance of financial management. The film opens with Josh Billings, owner of a building supply firm, being taken to the hospital following a heart attack. Later, he is visited by Ben Heatherton, recent owner of a remodeling and home repair business. Through conversations between Josh and Ben and by flashbacks of some episodes in Josh's business afairs, some examples of good -- and bad -- financial management are dramatized. Ben, realizing the importance of financial management, took steps to learn about and practice approved methods. In three recent years, he built up a profitable business. Josh, who had taken over his father's business, was in bad financial shape at the time of his heart attack. His conversations with Ben and review of Ben's notes from a financial management course convince Josh of his need to improve his financial management practices.

FINDING INITIAL CAPITAL

Publications included here cover finding capital for opening a business.

Books and Periodicals

The ABC's of Borrowing. The Financial Assistance Staff. SBA Management Aids for Small Manufacturers #170. SBA-GPO, Washington, D.C., 1969.

This Aid discusses the following fundamentals of borrowing: 1) credit worthiness, 2) kinds of loans, 3) amount of money needed, 4) collateral, 5) loan restrictions and limitations, 6) the loan application, 7) standards used by lenders in evaluating the application. The SBA loan application form is used to illustrate suggestions for filling out a loan application.

Anthony, Edward D., ed. Equity Capital and Small Business. SBA-GPO, Washington, D.C., 1960.

An SBA publication of short articles on equity capital. Authors include a bank credit officer, a professor of finance, and a small business owner. Topics include steps in incorporation, the role of the SEC, venture capital, and the impact of the Small Business Investment Act of 1958.

Cashin, James A. Building Strong Relations with Your Bank. SBA Small Marketers Aid #107. SBA-GPO, Washington, D.C., 1964.

This Aid discusses why owners of small retail, wholesale, and service firms should build strong relations with their banks. The Aid also discusses ways for building strong banking relations such as: 1) matching the firm's needs and the bank's services. 2) getting to know the banker on a personal basis, 3) earning the banker's respect, and 4) sharing plans for the future with him.

Hardy, C. Colburn. "SBIC: Aggressive Banking Tool." Banking Magazine. Sept. 1973.

Gives the SBIC (Small Business Invest Companies) view of what they look for when a small business comes seeking capital.

"Raising Capital for Small Business." Business Week. Nov. 3, 1973, pp. 96-97.

Article deals with how to approach new venture capital markets and where financing may be found, what type of new ventures are preferred by lenders, where venture money is going. Interview with A.J. Kelley, author of two how-to books on entrepreneurship.

Rubel, S.M. and Novotny, Edwards, eds. How to Raise and Invest Venture Capital. Hawthorn Books, Inc. Presidents Publishing House, New York, 1971.

A series of twenty-three readings on venture capital - where it comes from, how to get it, how to use it, etc. Good reading for those interested in obtaining venture capital for small business.

LEGAL ASPECTS

Materials listed in this section pertain to forms of small business organization, business law, and legal resources available to the small businessperson.

Books and Periodicals

Arneson, John. Preventive Law for Small Business. E. C. Boynton Printing, Minneapolis, 1956.

A very good short practical summary of what small businesspersons should know about law. Sections on partnership, contracts, buying and selling a business, insurance, etc.

Collester, Donald G. The Organization and Sale of Small Businesses. New Jersey Lawyers Skills Series, 1972.

This is a rather technical manual for lawyers. However, it has a large appendix of forms used by small businesses that might be used as examples.

Costello, Frank Jr. Retirement Plans for Self-employed Owner Managers. Small Marketers Aid #31. SBA-GPO, Washington, D.C., 1958.

This book informs small businesspersons of the legal requirements for tax deductible retirement plans.

Laughlin, Charles W. Legal Services for Small Retail and Service Firms. Small Marketers Aid #118. SBA-GPO, Washington, D.C., 1965.

This Aid discusses various aspects of conducting a retail or service business in which legal services are particularly desirable. Among them are: business organization, acquiring property, borrowing money, tax planning, employer-employee relations, litigation, credit problems, and disposing of the business.

Leavy, Morton L. Law for the Small Businessman. 2nd ed. Legal Almanac Series #29. Oceana Publications, Dobbs Ferry, 1952.

A good legal guide, with emphasis on the practical everyday problems. Sections on organizing purchase, "what to know about a lease," business names. Sample forms (certificate of incorporation, partnership, etc.) included.

Rosenberg, R. Robert. Understanding Business Law. McGraw Hill, Gregg, New York, 1973.

This is a textbook for "young adults." It's long, with two advantages -- simple but detailed; short cases as examples. Might be good for teacher reference or for students with special interest.

Steps in Incorporating a Business. SBA Management Aids for Small Manufacturers #111. SBA-GPO, Washington, D.C., 1974.

This Aid contains no discussion of the advantages and disadvantages of the corporate form; it is limited to the steps involved once a decision to incorporate has been made.

Stone, Morris. Arbitration: Peace Maker in Small Business. SBA-GPO, Washington, D.C., 1974.

This book informs the small businessperson of the advantages of arbitration over legal action and discusses the steps in using arbitration.

RECORDKEEPING

This section contains materials on bookkeeping and inventory control. Use of business records for financial management is covered under Financial Management.

Books and Periodicals

Abraham, Alfred. Analyze Your Records to Reduce Costs. SBA-GPO, Washington, D.C., 1967.

Written by a certified public accountant, this book shows the small businessperson the importance of analyzing expenses and locating reducible expenses. Discusses how big sales volume does not necessarily equal big profits.

Albro, Victor. "How Time Sheets Improved Production Standards." Inland Printer/American Lithographer. October 1971.

Illustrates how time sheets are used in small business and what advantages and problems are encountered in using them.

Brummet, R. Lee and Robertson, Jack C. Cost Accounting for Small Manufacturers. SBA-GPO, Washington, D.C., 1974.

Detailed flow charts showing distribution of costs over sections of manufacturing process. Also detailed examples of recordkeeping -- labor, overhead costs, inventory control, etc. May be too detailed for high school students.

Cotton, John. Keeping Records in Small Business. SBA-GPO, Washington, D.C., 1974.

Nice, simple, general discussion of recordkeeping. Presupposes some knowledge; for example, of what accounts receivable is. These aids may legally be condensed or reproduced.

Greene, William. Getting the Facts for Income Tax Reporting. SBA-GPO, Washington, D.C., 1970.

This book emphasizes the importance of good recordkeeping for income tax reporting for the small businessperson.

Internal Revenue Service. Tax Guide for Small Business. GPO, Washington, D.C., 1973.

A book that's good to know about but difficult to use; written in standard Internal Revenue Service style.

Ragan, Robert C., CPA. Financial Recordkeeping for Small Stores. SBA-GPO, Washington, D.C., 1966.

An introduction to the basics of good recordkeeping and why they are necessary to enable the small business to operate effectively.

Reddington, Donald A. "Control Methods for Small Business." Management Accounting. Sept., 1973, pp. 15-17.

Lists essentials of good control practices. Describes what different areas of control involve; i.e., cost control, inventory control, credit and collection control.

Sanzo, Richard. Ratio Analysis for Small Business. SBA-GPO, Washington, D.C., 1970.

Explains ratio analysis and its use in detecting trends of the small business. Ten kinds of ratios demonstrated (advanced arithmetic). Section on friendly banker lecturing a small businessperson.

Van De Mark, Robert. Controlling Inventory in Small Wholesale Firms. SBA-GPO, Washington, D.C., 1966.

Covers simple inventory control. Contains samples of records.

Films

The Language of Business. SBA. Sales Branch, National Audiovisual Center, GSA, Washington, D.C. 20409. (14 minutes, 50 seconds)

The story line is drawn from the dramatic situation of a fairly successful small-businessperson, Jack, who is pondering a big decision: should he play it safe, going along as he is now doing with his radio/TV retail and service shop, or should he take the risk of opening a second store in a new shopping center? Faced with making this decision, Jack looks to his records for help but finds them confusing. His inability to interpret the facts and information frustrates him to the point of making a late-night call for help to Tom, his accountant. Together, they analyze the records. Tom points out problems and areas of adjustment in Jack's operation. He draws upon his experience with other businessmen to illustrate danger areas. Bit by bit, a new respect for records develops in Jack as he realizes their value in managing his business.

A Step in the Right Direction. SBA. Sales Branch, National Audiovisual Center, GSA, Washington, D.C. 20409. (12 minutes, 18 seconds)

Through discussions between Ralph Brown and Harry Newman (men's clothing store competitors) and flashbacks to some of Ralph's problems and accomplishments in developing successful control procedures, the film dramatizes the importance of merchandise control in retail stores and illustrates some effective control systems and techniques.

PERSONNEL

This section includes publications on general personnel management -- hiring, firing, job descriptions, and employee training.

Books and Periodicals

Bruce, Martin M., Ph.D. Human Relations in Small Business. SBA-GPO, Washington, D.C., 1969.

This publication discusses the relations between small business owner-managers and workers, including finding and selecting a working staff, developing workers, and guiding and motivating workers in the direction of management's goals. A short annotated bibliography for further study is included.

Stumm, David A. "Conducting a Job Interview - Select - Don't Settle." Supervisory Management. November 1973.

Gives practical advice on interviewing applicants - how to best obtain information from them. Some practical tips. Not specific to small businesses.

"Tips for the Boss When It's Time to Fire." Personal Business. August 14, 1971.

Lists specific practical points about actually telling the employee. Final section applicable only to executives.

Walsh, William J. "Writing Job Descriptions: How and Why." Supervisory Management. 17:2-8, 1972.

Describes the value of job descriptions in hiring and appraising employees. Discusses how to define work categories, how to gather accurate information about jobs, and how to organize written job descriptions.

"When an Employee's Behavior Becomes a Problem." Supervisory Management. January 1970.

What needs discipline and how to discipline. (Condensed from Modern Office Procedures.)

Zeitlin, Lawrence. "The Easiest Kind of Job Enrichment: Let Employees Steal." Psychology Today. June 1971, p. 7.

Business Ethics in reverse -- when should a manager be selectively inattentive? Discusses the idea of controlled employee theft as a motivational tool.

Films

The Man or Woman for the Job. SBA. Sales Branch, National Audiovisual Center, GSA, Washington, D.C. 20409. (14 minutes)

Points out the importance of effective employee recruitment and selection procedures through the experiences of a small print shop owner who learned the hard way that such procedures are necessary. Brief vignettes of other types of business reflect various sources of employees.

Anything is Possible -- With Training. SBA. Sales Branch, National Audiovisual Center, GSA, Washington, D.C. 20409. (13-1/2 minutes)

Examples of successful employee training in a telephone answering service, a boat yard, and a newspaper office convince a woman planning to open a restaurant that employee training is essential to business success.

PURCHASING

This section includes publications relating to suppliers.

Books and Periodicals

"What's the Right Price?" *Purchasing*. January 11, 1972.

Presents a list of twelve questions for buyers to consider in order to avoid a stereotyped approach to purchasing. Acceptance of a compromise middle range bid does not insure getting the best goods at the right price. Factors discussed include number and qualifications in quote requests, and the price ranges of bids received.

SELLING

This section on selling includes publications on advertising, market research, and merchandising (display, layout, customer relations, credit, salespersonship).

Books and Periodicals

Blackwell, Roger G. Knowing Your Image. SBA Small Marketers Aid #124, Washington, D.C., 1967.

This aid discusses the importance of image, image formulation, price, merchandise mix, employees, store appearance, clientele, advertising, image adjustment, evaluation of image.

Collazzo, Charles. Building Good Customer Relations. SBA-GPO, Washington, D.C., 1966.

Discusses the need for good taste and discretion in community and customer relations.

Cook, Harvey, R. Selecting Advertising Media: A Guide for Small Business. Series #34, SBA-GPO, Washington, D.C., 1969, 114 pages.

This publication is intended to help the small businessperson choose between a number of possible channels for making his or her product, service, or store known to potential customers. It points out the advantages and disadvantages of each medium and suggests ways to judge its probable usefulness in business.

Crown, Paul. Retail Merchandising. Oceana Publications, Dobbs Ferry, 1966.

Emphasis in this short and detailed publication is on pricing, planning sales, controlling inventory. Explanations of the arithmetic involved are also included.

Fram, Eugene. What You Should Know About Small Business Marketing. Business Almanac Series No. 11, Oceana Publications, Dobbs Ferry, 1968.

A very good short, practical businessperson's guide clearly and concisely written. Includes sections on testing, selling, pricing.

Haas, Kenneth. Professional Salesmanship. Holt Rinehart and Winston, New York, 1962.

This book includes a good section on retail salesmanship with practical suggestions -- what not to do and say, etc. It also includes a fairly interesting section on customer psychology.

Hanan, Mack. "Getting Ready for the Services Sell." Sales Management, 108:40 (1972).

Tips on service-oriented selling.

The Handicraft Business. Bank of America. 1972.

Good introductory pamphlet on selling handicrafts; fairly easy reading.

Holloway, Robert J. Marketing Research and Market Planning for the Small Manufacturer. University of Minnesota, Minneapolis, 1961.

An SBA- sponsored study of the use of marketing research and market planning by small manufacturers in Minnesota. Describes the advantages and limitations of some market research techniques.

"Industrial Marketing Copy Chasers -- Function of Layout Is Simple as 1, 2, 3." Industrial Marketing. January, 1972.

Gives a list of layout functions and examples.

Johnson, Barbara. "Census Data: How to Use a Basic, But Often Overlooked, Market Planning Tool." Industrial Marketing. April, 1972, pp. 24-26.

Provides a summary of services and information available from the Census Bureau and useful to industrial marketing. Census data is seen as most helpful in making decisions on acquisitions, new plant locations, and new product lines. Includes some pro and con opinions on the value of census data from industrial marketing managers.

Lennon, Victor A. What Is the Best Selling Price? SBA Management Aids for Small Manufacturers #193. SBA-GPO, Washington, D.C., 1968.

This Aid discusses the various aspects of pricing and the interrelationships and complications involved.

"A Life Style for Your New Store." Stores. December, 1970, pp. 9-12.

Store design trends, including uses of color, plastics, display racks, contemporary furniture, for clothing stores.

Luick, John P. and Zeigler, William L. Sales Promotion and Modern Merchandising. Perspectives in Marketing Series. McGraw Hill, New York, 1968.

This is a basic background book on sales promotion and merchandising, focusing mainly on introduction of new products. Also included is a chapter on retail store sales promotion devices.

Michigan, University of. Retail Salesmanship: Center for Programmed Learning for Business. Addison-Wesley Publishing Co., Reading, 1968.

A programmed text emphasizing actual sales situations.

Nelson, Norbert. Selling Your Crafts. Van Nostrand Reinhold Publishing Co., New York, 1967.

An introductory coverage answering the basic questions arising in selling home industry products and handicrafts.

O'Brien, Joseph D. A Pricing Checklist for Managers. Small Marketers Aid #105. SBA-GPO, Washington, D.C., 1964.

This Aid includes questions on business costs, buyer motivation, timing, and competitors designed to help small marketers in evaluating pricing policies and practices.

Otterbourg, Robert K. Building Customer Confidence in Your Service Shop. SBA Small Marketers Aid #128. SBA-GPO, Washington, D.C., 1967.

Subjects: solid foundation, code of ethics, honesty, work completed on time, providing loaners, catering to special groups, the do-it-yourself problem, adjusting to change, communication, an industry in flux.

Pickle, Hal; Abrahamson, Roye; Porter, Alan. "Customer Satisfaction and Profit in Small Business." Journal of Retailing, Winter 1970-71, p. 38.

A research project that attempts to quantify which factors are considered very important, important, and of no significant importance to customers.

"Retailers Try Out Flexible Face Lifting." Business Week, January 15, 1972, p. 74.

This article is concerned with new trends in retail display, mainly in larger clothing stores. Some of the points, however, help create an awareness of display as a selling factor.

Robertson, Laura. How to Start a Money-making Business at Home. F. Fell. 1969.

A simply presented and interesting book of practical ideas for starting twelve types of small businesses; such as art rental agencies, personal shopping services, and babysitting services.

Sorbet, Elizabeth M. Measuring the Results of Advertising. SBA Small Marketers Aid #131. SBA-GPO, Washington, D.C., 1966.

This Aid gives pointers on planning ads and discusses several devices which can be used to compare advertising effectiveness.

Taylor, Charles. Merchandise Assortment Planning: The Key to Profit. National Retail Merchants Association, New York, 1970.

A very nice book on planning and purchasing merchandise -- how to classify, how to determine quantities needed, etc. Most of the examples are from fashion stores, but the principles are general.

Telchn, Charles and Helfant, Seymour. Plan Your Store for Maximum Sales and Profit. National Retail Merchants Association, New York, 1969.

A good handbook on store design, including details of layout, store fronts, interior fixtures, etc. Discusses how to plan and execute remodeling projects.

Valenti, Gabriel M. Interior Display: A Way to Increase Sales. SBA Small Marketers Aid #111. SBA-GPO, Washington, D.C., 1965.

This Aid discusses four ingredients which are necessary for building a display, fixtures, color signs, and lights. It points out that the difference between a commonplace display and an outstanding one is often slight and yet very important.

Verrill, Addison. Reducing Shoplifting Losses. SBA-GPO, Washington, D.C., 1967.

Discusses how to stop and/or foil shoplifters.

Weiss, E. B. 1010 Tested Ideas that Move Merchandise. McGraw Hill, New York, 1962.

A handbook of gimmicks (special sales, displays, giveaways, etc.) with a particularly useful section entitled "581 everyday ideas that move merchandise everyday."

Witt, Scott. How to Make Big Money at Home in Your Spare Time. Prentice-Hall Publishing Company, Englewood Cliffs, 1971.

This book contains many ideas for at home businesses (home typing services, mail order businesses, resale shops); a book with a strong positive attitude towards working at home.

Wood, Jane. Selling What You Make. Pengiun Books, Baltimore, 1973.

A guide to help the home craftsperson sell his or her products with sections on direct selling, selling to stores, forms, and recordkeeping.

Films

(The following films are distributed through the Small Business Administration, Sales Branch, National Audiovisual Center, GSA, Washington, D.C., 20409.)

The Advertising Question. SBA (13 min. 50 sec.)

Designed to correct some of the misconceptions and change some of the attitudes which many small businessmen display toward advertising. It begins with the introduction of a new small businessman about to open a drug store. He hopes to get by without much advertising other than point-of-sale advertising. A newspaper owner raises the question, "How are you going to get customers into the store?" The values and techniques of advertising are developed in a discussion between the druggist and the newspaper owner, and some business examples are shown to emphasize pertinent points.

The Calendar Game. SBA (13 min. 30 sec.)

Emphasizes the need for planning and budgeting of advertising by small retail and service businesses. The film begins in the office of the owner of a drycleaning shop. The cleaning shop proprietor points out to a business friend that he aims his promotions to reach, at specific times, customers who are most likely to be ready for his service and explains his method of choosing media and directing his advertising. In a friendly give-and-take discussion, the two touch upon budgeting, timing, choice of media, and plans for specific promotions.

The Follow Up. SBA (13 min.)

Illustrates the value of following up on advertisements and promotions. Action takes place in an appliance sales/repair shop owned by two partners, Sam and Roger. When the story opens, Sam isn't much impressed with Roger's strong belief in follow-up as a way to develop additional business and as a guide to future promotions. Further discussion between the two, together with illustrations of following up on a radio commercial, soliciting customers' reactions to store layouts and point-of-sale ads, and getting business associates' opinions of ads used or planned bring out many of the factors to consider in advertising/sales promotion follow-up.

The Professional. SBA (30 min.)

A dramatic film which builds pride in the job of a salesman and shows salesmen what they must do to be truly professional in their field. Van Johnson and Forrest Tucker team up in this moving story of a salesman searching for the principles that will put him at the top of his profession. The salesman in the film discovers those principles -- masters the key concepts of really effective, results-getting salesmanship.

You and Your Customers. SBA (14 min.)

Dramatically presents situations which small retailers may encounter involving customer relations. Stimulates audience involvement by providing opportunities to stop the film for discussion following some of the more detailed situations and then showing "possible solutions" or alternative ways of handling these situations.

Variations on a Theme. SBA (13 min. 15 sec.)

Calls attention to some of the important steps in planning a sales event. The action takes place in a women's ready-to-wear shop. In the opening scene,the proprietor is announcing to his employees a special store event -- the store's twentieth anniversary sale -- and inviting all of them to help plan it. Conflict is provided by the cashier who is rather scornful of the idea of advertising and promotion themes. In resolving this conflict, the proprietor points out many of the factors involved in implementing a successful sales event. Subsequent meetings with all store personnel further illustrate step-by-step preparations for the anniversary sale.

PRODUCTION

This section covers all aspects of owning and operating small manufacturing concerns.

Books and Periodicals

Buffa, Elwood S. Modern Production Management. 4th ed. John Wiley and Sons, New York, 1973.

This is a well presented text of material on production management; a good modern reference for high school students that they should find more appealing than the traditional approach.

Education Commission of the Material Handling Institute. Improving Material Handling in Small Business. SBA-GPO, Washington, D.C., 1969.

This publication, written for small manufacturers, discusses transportation and storage of material, types of material handling equipment, and how to choose the proper equipment.

Faucett, Philip M. Management Audit for Small Manufacturers. SBA-GPO, Washington, D.C., 1963.

A yes-no question list for self appraisal.

Fourre, James P. Critical Path Scheduling. Bulletin No. 114, American Management Association, New York, 1968.

A quick treatment of basics of CPM and an appraisal of the value of PERT; that is, it can be used as a production tool and not just for research and development projects.

Hoad, William M. and Rosko, Peter. Management Factors Contributing to the Success or Failure of New Small Manufacturers. Bureau of Business Research, Graduate School of Business Administration, University of Michigan, Ann Arbor, 1964, 99 pp.

This book is a compilation of 35 cases concerning actual small businesses and their management. People in these cases cover a wide range, illustrating the diversity of small businesses and their problems.

Immer, John. Profitable Small Plant Layout. SBA-GPO, Washington, D.C., 1964.

A discussion of various plant layouts for small manufacturers that could increase profits.

Jordan, Henry H. Jr. "A Checklist for Production and Inventory Controls." Management Review. 59:38-46 (1970).

A 20-item checklist for analyzing the effectiveness of production and inventory control systems.

"Management Aids for Small Plants." Inland Printer/American Lithographer. 1970-1974.

Each month the above section carries an article devoted to small plants. Suggested for general reading in small plant management.

Rokicki, Gerald J. "This Production Control System for Small Printer Really Does." Inland Printer/American Lithographer. May, 1973.

A "how we did it" article that describes how a small business can use production control sheets to determine how to better utilize its production factors.

Woodruff, Archibald. Success and Failure in Small Manufacturing. University of Pittsburgh Press, Pittsburgh, 1958.

Good discussion of small manufacturer's problems, including poor market research, poor recordkeeping, unclear objectives, excessive fixed costs. Analysis of "critical incidents" (which led to collapse) and their underlying causes.

MISCELLANEOUS

This section includes publications on special problems of small business, ranging from preventing embezzlement to computers for small business.

Books and Periodicals

Boerum, Marie. Discover and Use Your Public Library. Management Aid #202. SBA-GPO, Washington, D.C., 1969.

This Aid describes some basic reference books and other sources for business information. It also outlines the services owner-managers can expect of their libraries, including inter-library loans which extend those services beyond their localities.

Caley, John. Computers for Small Business. SBA-GPO, Washington, D.C., 1971.

This publication discusses how a small businessperson decides whether or not to use electronic data processing service bureaus.

Curtis, S. J. Preventing Burglary and Robbery Loss. SBA-GPO, Washington, D.C., 1968.

A discussion of the various types of protective devices.

Greene, Mark. Insurance and Risk Management for Small Business. SBA-GPO, Washington, D.C., 1970.

A good insurance book, explaining points such as how to select an agent, the types of coverage available, and common insurance terms.

———. Insurance Checklist for Small Business. SBA-GPO, Washington, D.C., 1971.

A checklist of types of insurance and how to organize an insurance program.

Halverson, Gerald. Can You Afford Delivery Service? SBA-GPO, Washington, D.C., 1968.

Methods and costs of delivery services.

Kolodny, Leonard. Outwitting Bad Check Passers. SBA-GPO, Washington, D.C., 1969.

A useful explanation of seven different types of bad checks and how to foil the bad check passer.

Moran, Christopher. Preventing Embezzlement. Small Marketers Aid #151. SBA-GPO, Washington, D.C., 1973.

Realistic safeguards against embezzlement.

"Small Businesses Can Be Exporters." Commerce Today. 2:21 (1972).

This article gives a brief introduction into exporting as a small business and where funding can come from.

Films

The following films are distributed through the Small Business Administration, Sales Branch, National Audiovisual Center, GSA, Washington, D.C. 20409.

Burglary Is Your Business. SBA (15 min.)

Through an investigation by a police department detective following a burglary at a home furnishings/appliance store and the detective's conversations with the store owner, the film points out security measures which retailers should take to prevent burglaries.

The Inside Story. SBA (15 min.)

Through conversations and activities of Sam Mattison, owner of a small manufacturing plant, and his security man, Vince Clark, the film illustrates steps which can be taken to limit or prevent pilferage by plant employees. Though Sam is vehement about not wanting to suspect any of his employees, facts reveal that an old, trusted employee had been pilfering for years.

It Can Happen to You. SBA (15 min.)

Outlines the experience of Jack Norton, a hardware store owner, in cooperating with a police lieutenant to get the facts about an employee pilferage problem. The police lieutenant points out situations and procedures which encourage pilferage and shows how to remedy these matters.

The Paperhangers. SBA (31 min.)

The nation's most expensive and popular crime -- check fraud -- is explored in this film, which is directed to businessmen and their employees. The film shows how most bad check passers -- or "paperhangers" as they are known in police circles -- can be stopped in their tracks by an efficient check-cashing procedure. Such a procedure is shown in detail, along with guidelines for carrying it out. Two former "paperhangers" discuss the most common errors made by businessmen and show techniques frequently used for passing bad checks.

Plant Pilferage. SBA (32 min.)

Directed to industrial management, this comprehensive film covers a large loss to industry -- pilferage -- which reduces profits by the staggering amount of one billion dollars every year. In this film, a visiting management group tours a plant where security measures are being taken and has each of eight steps in a successful pilferage-protection program demonstrated to them in a realistic fashion. Apprehension of the thief, it is pointed out, is not the answer to pilferage. Prevention is the answer -- prevention is not only the best but the easiest defense.

The Seventh Chair. SBA (12 1/2 min.)

The film opens in a conference room where five small business owners are meeting with the credit manager of a large department store who acts as moderator. The five small business owners are a food caterer, a lumber dealer, a druggist, a haberdasher, and a florist. Each has credit and collection problems which are presented in the round-table conversation or in flashbacks to the places of business. Throughout the meeting, one chair is empty. At the end of the film, the moderator faces the film audience and says, "This seventh chair is reserved for you. What would you say if you were sitting here?"

The Shoplifter. SBA (20 min.)

Shows techniques used by amateur and professional shoplifters. The film points out the alarming fact that one of every sixty customers will try to steal and suggests ways of preventing much of this stealing. A convicted shoplifter demonstrates stealing methods under actual conditions and explains how alert and informed employees could have prevented the thefts.

They're Out to Get You. SBA (12 1/2 min.)

The main character in this film is Ralph Massey, a professional shoplifter. Ralph is in jail, but he's making plans to continue his "trade" when released. Through conversations with his cellmate and flashbacks to some of his shoplifting episodes, Ralph shows how shoplifters operate and, indirectly, points out preventive measures small businessmen can take to limit shoplifting in their stores.

SPECIAL CASES

The following publications, published by the Small Business Administration, relate to the starting and managing of particular types of small businesses.

Bragin, Morrie. Starting & Managing a Small Retail Camera Shop. SBA-GPO, Washington, D.C., 1969, 69 pp.

Chidakel, Myer R. Starting & Managing a Carwash. SBA-GPO, Washington, D.C., 1967, 76 pp.

Erlandson, Ray S. Starting & Managing a Small Retail Music Store. SBA-GPO, Washington, D.C., 1970, 81 pp.

Fairbrook, Paul. Starting & Managing a Small Restaurant. SBA-GPO, Washington, D.C., 1964, 116 pp.

Gladwell, Lloyd. Starting & Managing A Small Retail Drugstore. SBA-GPO, Washington, D.C., 1966, 101 pp.

Grady, Noel. Starting & Managing a Small Dry Cleaning Business. SBA-GPO, Washington, D.C., 1966, 77 pp.

Harper, Maxwell, and Pell, Arthur R. Starting & Managing an Employment Agency. SBA-GPO, Washington, D.C., 1971, 114 pp.

Immer John R. Starting & Managing a Small Building Business. SBA-GPO, Washington, D.C., 1962, 102 pp.

Johnson, Glenn. Starting & Managing a Small Shoe Service Shop. SBA-GPO, Washington, D.C., 1968, 86 pp.

Krone, Paul R. Starting & Managing a Retail Flower Shop. SBA-GPO, Washington, D.C., 1970, 121 pp.

Laws, Dwayne. Starting & Managing a Small Retail Hardware Store. SBA-GPO, Washington, D.C., 1964, 73 pp.

McKenna, Francis X. Starting & Managing a Small Drive-In Restaurant. SBA-GPO, Washington, D.C., 1972, 59 pp.

Reed, Walter W. Starting & Managing a Small Automatic Vending Business. SBA-GPO, Washington, D.C., 1967, 70 pp.

Ross, Joe and Gores, Stan. Starting & Managing a Pet Shop. SBA-GPO, Washington, D.C., 1970, 40 pp.

Starting and Managing a Service Station. Small Business Administration Office of Information Services. SBA-GPO, Washington, D.C., 1961, 76pp.

SPECIAL CASES (continued)

Starting and Managing a Small Retail Jewelry Store. Small Business Administration Office of Management Assistance, Education Division. SBA-GPO, Washington, D.C., 1971, 75 pp.

Ware, Henry H. Starting & Managing a Swap Shop or Consignment Sale Shop. SBA-GPO, Washington, D.C., 1968, 78 pp.

Whittington, H. Starting & Managing a Small Motel. SBA-GPO, Washington, D.C., 1963, 70 pp.

SBA BIBLIOGRAPHIES

The following bibliographies, published by the Small Business Administration, cover specific types of small businesses and some of the tasks peculiar to small business owners and managers.

Blake, Wm. Henry. Retail Credit and Collections. Small Business Bibliography No. 31, SBA-GPO, Washington, D.C., 1969, 11 pp.

Christensen, Edward L. Food Stores. Small Business Bibliography No. 24, SBA-GPO, Washington, D.C., 1970, 8 pp.

_____. Voluntary and Cooperative Food Chains. Small Business Bibliography No. 30, SBA-GPO, Washington, D.C., 1970, 8 pp.

Davidson, W. R.; Doody, A. F.; and Sweeney, D. J. Retailing. Small Business Bibliography No. 10, SBA-GPO, Washington, D.C., 1969, 15 pp.

De Boer, Lloyd M. Marketing Research Procedures. Small Business Bibliography No. 9, SBA-GPO, Washington, D.C., 1967, 12 pp.

_____. National Directories for Use in Marketing. Small Business Bibliography No. 13, SBA-GPO, Washington, D.C., 1973, 18 pp.

DeBolt, Don. Men's and Boys' Wear Stores. Small Business Bibliography No. 45, SBA-GPO, Washington, D.C., 1968, 8 pp.

Forte, Darlene J. Wholesaling. Small Business Bibliography No. 55, SBA-GPO, Washington, D.C., 1973, 8 pp.

Gillespie, Karen R. Apparel and Accessories for Women, Misses, and Children. Small Business Bibliography No. 50, SBA-GPO, Washington, D.C., 1971, 23 pp.

Gores, Stan. Pet Shops. Small Business Bibliography No. 76, Washington, D.C., 1967, 4 pp.

Gray, Robert W. Handicrafts. Small Business Bibliography No. 1, SBA-GPO, Washington, D.C., 1973, 8 pp.

Grey, Milton K. Hobby Shops. Small Business Bibliography No. 53, SBA-GPO, Washington, D.C., 1971, 8 pp.

Hollander, Sidney, Jr. Variety Shops. Small Business Bibliography No. 21, SBA-GPO, Washington, D.C., 1969, 8 pp.

Home Businesses -- Bookkeeping, Catering, Babysitting. Small Business Bibliography No. 2, SBA-GPO, Washington, D.C., 1973, 8 pp.

Janezeck, Elizabeth G. Store Arrangement and Display. Small Business Bibliography No. 52, SBA-GPO, Washington, D.C., 1966, 7 pp.

Kern, Karl. Soft Frozen Dessert Stands. Small Business Bibliography No. 47, SBA-GPO, Washington, D.C., 1970, 11 pp.

Kudrle, Albert E. Motels. Small Business Bibliography No. 66, SBA-GPO, Washington, D.C., 1970, 11 pp.

SBA BIBLIOGRAPHIES (continued)

Lloyd, William B. Woodworking Shops. Small Business Bibliography No. 46, SBA-GPO Washington, D.C., 1972, 11 pp.

Loen, R. O. Personnel Management. Small Business Bibliography No. 72, SBA-GPO, Washington, D.C., 1969, 12 pp.

McClanahan, William G. Photographic Dealers and Studios. Small Business Bibliography No. 64, SBA-GPO, Washington, D.C., 1968, 8 pp.

McEvilla, Joseph D. Drugstores. Small Business Bibliography No. 33, SBA-GPO, Washington, D.C., 1970, 8 pp.

Millican, Richard D. Selling by Mail Order. Small Business Bibliography No. 3, SBA-GPO, Washington, D.C., 1968, 11 pp.

Mulvihill, Donald F. Inventory Management. Small Business Bibliography No.75,SBA-GPO, Washington, D.C., 1969, 8 pp.

Myers, Robert H. Suburban Shopping Centers. Small Business Bibliography No. 27, SBA-GPO, Washington, D.C., 1970, 12 pp.

Olshan, Nathan H. Recordkeeping Systems -- Small Store and Service Trade. Small Business Bibliography No. 15, SBA-GPO, Washington, D.C., 1973, 11 pp.

Pearson, Karl G. Real Estate Business. Small Business Bibliography No. 65, SBA-GPO, Washington, D.C., 1968, 12 pp.

Pinney, John J. The Nursery Business. Small Business Bibliography No. 14, SBA-GPO, Washington, D.C., 1971, 12 pp.

Rice, J. Wade. Advertising -- Retail Store. Small Business Bibliography No. 20, SBA-GPO, Washington, D.C., 1966, 7 pp.

_____. Furniture Retailing. Small Business Bibliography No. 48, SBA-GPO, Washington, D.C., 1967, 8 pp.

_____. Painting and Wall Decorating. Small Business Bibliography No. 60, SBA-GPO, Washington, D.C., 1967, 8 pp.

_____. Retail Florist. Small Business Bibliography No. 74, SBA-GPO, Washington, D.C., 1967. 8 pp.

Smith, Leonard J. Training Commercial Salesmen. Small Business Bibliography No. 56, SBA-GPO, Washington, D.C., 1972, 7 pp.

Wanderstock, Jeremiah J. Restaurants and Catering. Small Business Bibliography No. 17, SBA-GPO, Washington, D.C., 1970, 20 pp.

Williamson, Max L. Bookstores. Small Business Bibliography No. 42, SBA-GPO, Washington, D.C., 1968, 8 pp.

Windeshausen, H. Nicholas. Discount Retailing. Small Business Bibliography No. 68, SBA-GPO, Washington, D.C., 1968, 7 pp.

Wingate, Isabel B. Buying for Retail Stores. Small Business Bibliography No. 37, SBA-GPO, Washington, D.C., 1967, 12 pp.

STOPPING A BUSINESS

As we expected in our literature search, there is very little material available that deals with how to stop a small business.

Books and Periodicals

Bunn, Verne A. *Buying and Selling a Small Business*. SBA-GPO, Washington, D.C., 1969.

This publication serves as a guide to areas needing investigation and to some approaches that may be helpful to the prospective buyer or seller of a small business before the buy-sell decision is made. Case examples are used to review the technical aspects of the buy-sell transaction.

Collester, Donald G. *The Organization and Sale of Small Businesses*. New Jersey Lawyers Skills Series, 1972.

This is a rather technical manual for lawyers. However, it has a large appendix of forms used by small businesses that might be used as examples.

CURRICULA

Although there are many curricula available relating to general business or distributive education, we have chosen only to include curricula dealing specifically with small business.

The State Education Department, Bureau of Continuing Education Curriculum Development. Small Business Management Adult Course Outline. The University of the State of New York, Albany, 1968.

A ten hour, six lesson course teacher's guide. Detailed course content, presupposing knowledge of small business. The course includes teaching suggestions with summaries at the end of each lesson.

_____. Small Business Management Part I. The University of the State of New York, Albany, 1968.

The course outline is designed for the use of teachers of small business management in secondary school programs. Course content and teaching suggestions are given for each lesson. Part I covers reasons for success in small business management, sources for obtaining money, recordkeeping, marketing and selling, advertising and sales promotion and credit and collections.

_____. Small Business Management Part II. The University of the State of New York, Albany, 1970.

This is a continuation of the above course and follows the same format. It covers budgeting, expense control and profit planning, taxation and government regulations, business insurance, employee and public relations, store location and layout and sources of assistance and information.

Training Research and Development Station, Department of Manpower and Immigration. Small Business Management. 3rd ed. Saskatchewan NewStart, Prince Albert, Saskatchewan, Canada, 1973.

Included in this course are the Instructor's Manual (4 volumes, approximately 2,000 pages), Student Materials (a kit for 20 students), and 80 overhead projectuals. The Instructor's Manual sets out the lesson objectives, lists the resources required, and provides detailed lesson plans for each of the 134 lessons covering the following areas: Management Process, Marketing, Finance Accounting and Bookkeeping, Personnel Management, Business Law, Personal Finance, Business Communications, Production Management, and Office Procedures. The introduction to the course explains the many methods and techniques used in the course to encourage involvement and participation of the students in the learning experience. The Student Materials Kit provides the necessary student materials (special readings, exercises, and cases) to be used in conducting the Small Business Management course. There are over 1,200 pages of material per student. The overhead

CURRICULA (cont.)

transparencies are used throughout the course as a stimulus to encourage discussion, as visuals to facilitate retention, and as a summary of course content.

APPENDIX A

Books and Periodicals on Small Business Ownership and Management

AUTHOR AND TITLE*	CONTENT AREAS COVERED	GRADE LEVEL	RATINGS**		PRACTICALITY
			GENERAL APPEAL TO TEACHER	GENERAL APPEAL TO STUDENT	
The ABC's of Borrowing. SBA.	finding capital	high school	3	3	4
Abraham, Alfred. Analyze Your Records to Reduce Costs	recordkeeping	college	2	2	3
Albro, Victor. How Time Sheets Improved Production Standards	recordkeeping	college	3	3	4
Allen, Louis. Starting and Succeeding in Your Own Small Business	management	college	3	2	3
Anthony, Edward L., Ed. Equity Capital and Small Business	finding capital	college	2	2	3
Archer, Stephan G. and D'Ambrosio, Charles A. Business Finance: Theory and Management	financial management	college	4	3	4
Arizona State University. Patterns of Success for Small Businesses in Ariz.	success and failure	high school	4	4	4
Arneson, John. Preventive Law for Small Business	legal aspects	college	2	1	4
Banks, Russell, Ed. Managing the Small Company	management	high school college	3-4	2	3
Barker, Phyllis A. Budgeting in a Small Service Firm	financial management	high school	4	3	4
Baumback, D.; Lawyer, K.; and Kelley, P. How to Organize and Operate a Small Business	management	college	4	1	3

* SBA materials are available from regional SBA offices at a nominal cost. All other materials are available at public or university libraries.

**Scale: 1 = not at all 2 = slightly 3 = somewhat 4 = very 5 = extremely

AUTHOR AND TITLE*	CONTENT AREAS COVERED	GRADE LEVEL	RATINGS**		
			GENERAL APPEAL TO TEACHER	GENERAL APPEAL TO STUDENT	PRACTICALITY
Blackwell, Roger G. Knowing Your Image	selling	high school	3	2	3
Blake, William Henry, Retail Credit and Collections	bibliography	high school	2	2	5-4
Boerum, Marie. Discover and Use Your Public Library	resources	high school	4	4	5
Bragin, Morrie. Starting and Managing a Small Retail Camera Shop	planning management	high school	3	3	4
Broom, Halsey N. and Longnecker, J.G. Small Business Management	management	college	4	2	4
Brown, James K. Social Responsibility and the Smaller Company	social responsibility	college	4	3	5
Bruce, Martin M., Ph.D. Human Relations in Small Business	personnel	college	4	2-3	4
Brummet, R. Lee and Robertson, Jack C. Cost Accounting for Small Manufacturers	recordkeeping	college	2	1	4
Buffa, Elwood S. Modern Production Management	production	college	4	4	4
Bunn, Verna A. Buying and Selling a Small Business	stopping		4	3	4
Bunzel, John. The American Small Businessman	defines small business	college	4	2	3

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AUTHOR AND TITLE*	CONTENT AREAS COVERED	GRADE LEVEL	RATINGS** GENERAL APPEAL TO TEACHER	RATINGS** GENERAL APPEAL TO STUDENT	PRACTICALITY
Business Plan for Retailers	planning	college	2	2	4
Cahill, Jane. Can a Smaller Store Succeed?	success and failure	high school	2-3	2	4
Caley, John. Computers for Small Business	computers	college	2	2	3
Cashin, James S. Building Strong Relations with Your Bank	finding capital	college	2	2	4
Checklist for Going into Business	management	high school	3	3	4
Chidakel, Myer R. Starting and Managing a Carwash	planning management	high school	2	2	4
Christensen, Edward D. Food Stores	bibliography	high school	2	2	3-4
______. Voluntary and Cooperative Food Chains	bibliography	high school	2-1	2-1	4
Clarke, Philip. Small Businesses: How They Survive and Succeed	success and failure	high school	4	2	3
Cohn, Theodore and Lindberg, Roy. How Management is Different in Small Companies	management	college	3	2	3
Collazzo, Charles. Building Good Customer Relations	selling	high school	2	2	3

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AUTHOR AND TITLE*	CONTENT AREAS COVERED	GRADE LEVEL	RATINGS**		PRACTICALITY
			GENERAL APPEAL TO TEACHER	GENERAL APPEAL TO STUDENT	
Collester, Donald G. The Organization and Sale of Small Businesses	stopping legal aspects	college	1	1	4
Colorado University. Communicating Info to Small Businessmen	communication	college	3	2	4
"Consumers Battle at Grass Roots," Business Week	social responsibility	high school	3	3	3
Cook, Harvey R. Selecting Advertising Media: A Guide for Small Business	selling	high school	3-2	3-2	4
Costello, Frank, Jr. Retirement Plans for Self-Employed Owner-Managers	legal aspects	college	1	1	3
Cotton, John. Keeping Records in Small Business	recordkeeping	college	3	2	3
Cravens and Hills, "Consumerism: A Perspective for Business," Business Horizons	social responsibility	high school	3	4	3
Crites, Sherman E. "Of Men and Money: The Problems of Small Business," Management Accounting	financial management	college	4	3	4
Crown, Paul. What You Should Know about Retail Merchandising	selling	college	3	2	4
Curtis, S.J. Preventing Burglary and Robbery Loss	burglary	high school	1	1	3

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AUTHOR AND TITLE*	CONTENT AREAS COVERED	GRADE LEVEL	RATINGS** GENERAL APPEAL TO TEACHER	GENERAL APPEAL TO STUDENT	PRACTICALITY
Dailey, Charles A. Entrepreneurial Management: Going All Out for Results	management	high school	4	4	3
Davidson, William R., et al. Retailing	bibliography	high school	3	2	3
De Boer, Lloyd M. Marketing Research Procedures	bibliography	high school	3	2	4
______. Natioanal Directories for Use in Marketing	bibliography	high school	3-2	2-1	4
De Bolt, Don. Men's and Boys' Wear Stores	bibliography	high school	3	3	4
Dible, Donald M. Up Your Own Organization	management	college	4-3	4-3	5-4
Dickson, Franklin J. Successful Management of the Small and Medium-Size Business	management	high school	5	5	5
Dun & Bradstreet. Cost Control in Business	financial management	high school	4	4	4
______. The Failure Record Through 1970	success and failure	high school	1	1	4
Duncan, Delbert. Retailing: Modern Concepts and Practices	management	college	2	2	3

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**Scale: 1 = not at all 2 = slightly 3 = somewhat 4 = very 5 = extremely

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AUTHOR AND TITLE*	CONTENT AREAS COVERED	GRADE LEVEL	RATINGS**		PRACTICALITY
			GENERAL APPEAL TO TEACHER	GENERAL APPEAL TO STUDENT	
Education Commission of the Material Handling Institute. Improving Material Handling in Small Business	production	college	1	1	3
Erlandson, Ray S. Starting and Managing a Small Retail Music Store	planning management	high school	3	3	4
Fairbrook, Paul. Starting and Managing a Small Restaurant	planning management	high school	3	2	5
Faucett, Philip M. Management Audit for Small Manufacturers	production	college	1	1	3
Forte, Darlene J. Wholesaling		high school	2	2	4
Fourre, James P. Critical Path Scheduling	production	college	2	2	3
Fowler, Robert A. and Hummel, Theodore W. Buyerism - How to Buy a Franchise or a Small Business	location	college	2	2	4
Fram, Eugene. What You Should Know about Small Business Marketing	selling	college	4	3	5
Garrett, Thomas M. Business Ethics	social responsibility	high school	4	3	4
Gibson, James L. and Haynes, W. Warren. Accounting in Small Business Decisions	financial management	college	3	2	3

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**Scale: 1 = not at all 2 = slightly 3 = somewhat 4 = very 5 = extremely

AUTHOR AND TITLE*	CONTENT AREAS COVERED	GRADE LEVEL	RATINGS** GENERAL APPEAL TO TEACHER	GENERAL APPEAL TO STUDENT	PRACTICALITY
Gillespie, Karen R. Apparel and Accessories for Women, Misses and Children	bibliography	high school	3	2-3	4
Gilmore, Frank. "Formulating Strategy in Smaller Companies. Harvard Business Review	management	college	4	3	5
Gladwell, Lloyd. Starting and Managing a Small Retail Drugstore	planning management	college	3	2	4
Goodman, Stanley. "The Fallen Image of Business is Dangerous." U.S. News & World Report	social responsibility	college	4	3	4
Goodpasture, Bruce. Danger Signals in a Small Store	success and failure	high school	2	2	3
Gores, Stan. Pet Shops	bibliography	high school	2	2	3-4
Grady, Noel. Starting and Managing a Small Dry Cleaning Business	planning management	high school	3	2	4
Gray, Robert. Handicrafts	bibliography	high school	3	4	4
Greene, Mark. Insurance and Risk Management for Small Business	insurance	college	1	1	4
____. Insurance Checklist for Small Business	insurance	high school	2	2	3

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**Scale: 1 = not at all 2 = slightly 3 = somewhat 4 = very 5 = extremely

AUTHOR AND TITLE*	CONTENT AREAS COVERED	GRADE LEVEL	RATINGS**		PRACTICALITY
			GENERAL APPEAL TO TEACHER	GENERAL APPEAL TO STUDENT	
Greene, William. Getting the Facts for Income Tax Reporting	recordkeeping	college	1	1	3
Grey, Milton K. Hobby Shops	bibliography	high school	3	2	4
Grunewald, Donald. What You Should Know about Small Business Management	management	high school	4-3	4-3	5-4
Haas, Kenneth. Professional Salesmanship	selling	college	3	2	4
Halverson, Gerald. Can You Afford Delivery Service	delivery	high school	1	1	3
Hanan, Mack. "Getting Ready for the Services Sell." Sales Management	selling	high school	3	2	3
The Handicraft Business.	selling	college	2	2	3
Hanson. Dale S. "Creative Financing in Today's Economy." Banker's Magazine	financial management	college	4	4	4
Harding, Jack. Retail Selling is Fun!	selling	high school	4	3	3
Hardy, C. Colburn. "SBIC: Aggressive Banking Tool." Banking Magazine	finding capital	college	3	3	3
Harper, Maxwell and Pell, Arthur R. Starting and Managing an Employment Agency	planning management	college	3	2	4

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			GENERAL APPEAL TO TEACHER	GENERAL APPEAL TO STUDENT	
Heyne, Paul T. Private Keepers of the Public Interest	social responsibility	high school	4	4	4
Hoad, W. Cases in Small Business	management	high school	4	3	5
_____, and Rosko, Peter. Management Factors Contributing to the Success or Failure of New Small Manufacturers	production success and failure	college	3	2	4
Hodges, Luther H. The Business Conscience	social responsibility	college	4	2	3
Hollander, Sidney, Jr. Variety Stores	bibliography	high school	3	2-3	2
Holloway, R.J. Marketing Research and Market Planning for the Small Manufacturer	selling	college	2	1	3
Home Businesses - Bookkeeping, Catering, Babysitting.	bibliography	high school	3	4	4
Hosmer, Windsor Arnold, et al. Small Business Management: A Casebook	management	college	2	1	4
Howard, John A. "Don't Sell the Buyer Short." Nations Business	social responsibility	high school	2	3	3
Hungate, R. P. Interbusiness Financing	financial management	college	3	2	5

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			GENERAL APPEAL TO TEACHER	GENERAL APPEAL TO STUDENT	
Immer, John. Profitable Small Plant Layout	production	college	1	1	3
_____. Starting and Managing a Small Building Business	planning management	high school	3	2	4
"Industrial Marketing Copy Chasers." Industrial Marketing	selling		4	4	4
Internal Revenue Service. Tax Guide for Small Business	recordkeeping	college	1	1	4
Janezeck, Elizageth G. Store Arrangement and Display	bibliography	high school	3	2	3-4
Janis, Jack. Writing and Communicating in Business	communication	high school	3	2	4
Johnson, Barbara. "Census Data: How to Use." Industrial Marketing	selling	college	3	2	4
Johnson, Glenn. Starting and Managing a Small Shoe Service Shop	planning management	high school	2	2	4
Jordan, Henry J., Jr. "A Checklist for Production and Inventory Controls. Management Review	production	college	4	3	5
Katz, Benjamin. Happiness or Misery	financial management	college	2	1	4
Kaye, William G. "Take in a New Partner: The Consumer." Nation's Business	social responsibility	high school	3	4	4

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			GENERAL APPEAL TO TEACHER	GENERAL APPEAL TO STUDENT	
Kelley, Pearce, et al. How to Organize and Operate a Small Business	management	high school	3	2	4
Kern, Karl. Soft Frozen Dessert Stands	bibliography	high school	3	2-3	4
Klatt, Laurence A. Small Business Management: Essentials of Entrepreneurship	management	high school college	5	5	5
Kolodny, Leonard. Outwitting Bad Check Passers	bad checks	high school	2	2	4
Komenda, Frank. Sweeping Profit Out the Back Door	financial management	high school	2	2	3
Krone, Paul R. Starting and Managing a Retail Flower Shop	planning management	college	4	3	4
Kudrle, Albert E. Motels	bibliography	high school	3	2-3	4
Lasser, J. K. How to Run a Small Business	management	college	4	3	4
Laughlin, Charles W. Legal Services for Small Retail and Service Firms	legal aspects	high school	3	3	4
Laws, Dwayne. Starting and Managing a Small Retail Hardware Store	planning management	high school	3	2	4
Leavy, Morton L. Law for the Small Businessman	legal aspects	college	2	1	4

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			GENERAL APPEAL TO TEACHER	GENERAL APPEAL TO STUDENT	
Lennon, Victor A. What Is the Best Selling Price?	selling	college	3	1-2	4
Levinson, Robert E. Six Methods for Success in a Small Store	success and failure management	high school	2	2	2
"A Lifestyle for Your New Store." Stores	selling	high school	3	3	3
Lloyd, William B. Woodworking Shops	bibliography	high school	3	3-4	3-4
Loen, Raymond O. Personnel Management	bibliography	high school	2	2	3-4
Lowrey, James. Using a Traffic Study to Select a Retail Site	location	high school	2	2	3
Luick, John F. and Zeigler, William L. Sales Promotion and Modern Merchandising	selling	high school	2	2	3
"Management Aids for Small Plants." Inland Printer/American Lithographer	production	college	3	3	5
Marryshow, Lester. "Check Your Telephone Manners." Supervisory Management	communication	high school	3	3	4
Mayer and Goldstein. The First Two Years: Problems of Small Firm Growth and Survival	success and failure	college	3	2	3

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			GENERAL APPEAL TO TEACHER	GENERAL APPEAL TO STUDENT	
McClanahan, William G. Photographic Dealers and Studios	bibliography	high school	3	3-4	3-4
McConkey, D.C. "Will Ecology Kill Small Business." Business Horizons	social responsibility	high school	3	4	4
McEvilla, Dr. Joseph D. Drugstores	bibliography	high school	3	3	3
McGregor, Clarence. Retail Management Problems of Small and Medium-Size Stores	management	college	3	2	4
_____, and Chakonas, Paul C. Retail Management Problems	management	college	3	1	4
McKeever, J. Ross. Factors in Considering a Shopping Center Location	location	high school	3	2	3
McKenna, Francis X. Starting and Managing a Small Drive-In Restaurant	planning management	high school	3	3-2	4
Metcalf, Wendell O. Starting and Managing a Small Business of Your Own	management	college	4	3	5
Michigan, University of. Retail Salesmanship	selling	high school	3	3	4
Miller, Robert. Profitable Community Relations for Small Business	social responsibility	high school	3	2-3	4

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			GENERAL APPEAL TO TEACHER	GENERAL APPEAL TO STUDENT	
Millican, Richard D. Selling by Mail Order	bibliography	high school	3	3	4
Minnesota, University of. The Place of Forecasting in Basic Planning for Small Business	planning	high school	2	2	3
Mintz, Harold K. "Business Writing Styles for the 70's." Business Horizons	communication	high school	4	3	3
Mobley, A.J. "The Truth Deson't Really Hurt." Nation's Business	social responsibility	high school	3	3	3
Moore, Carl L. Profitable Applications of the Break Even System	financial management	high school	4	4	4
Moran, Christopher. Preventing Embezzlement	embezzlement	college	1	1	4
Mulvihill, Donald F. Inventory Management	bibliography	high school	2	2	3-4
Murphy, John. Sound Cash Management and Borrowing	financial management	college	2	2	3
Myers, Robert H. Suburban Shopping Centers	bibliography	high school	2	2	4
Nelson, Norbert. Selling Your Crafts	selling	high school	4	4	4

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			GENERAL APPEAL TO TEACHER	GENERAL APPEAL TO STUDENT	
Novick, D. "Cost Benefit Analysis and Social Responsibility." Business Horizons	social responsibility	high school	3	3	4
O'Brien, Joseph D. A Pricing Checklist for Managers	selling	high school	2	2	3
Olshan, Nathan H. Recordkeeping Systems - Small Store and Service Trade	bibliography	college	3	2-1	4
Otterbourg, Robert K. Building Customer Confidence in Your Service Shop	selling	high school	3	3-2	4
Pearson, Karl G. Real Estate Business	bibliography	high school	3	2	4
Petrof, John et al. Small Business Management	management	college	4	3	4
Pickle, Hal. Personality and Success	personality characteristics	college	1	1	3
_____; Abrahamson, Roye; and Porter, Alan. "Customer Satisfaction and Profit in Small Business." Journal of Retailing	selling	college	4	3	5
Pinney, John J. The Nursery Business	bibliography	high school	3	3	4
Proxmire, Senator William. Can Small Business Survive?	success and failure	college	3	2	4

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Rachman, Davis J. and Elam, Houston G. Retail Management Cases	management	college	3	3	4
Ragan, Robert D. Financial Recordkeeping for Small Stores	recordkeeping	college	2	2	3
"Raising Capital for Small Business." Business Week	finding capital	college	3	2	4
Read, Jeanne. Business English	communication	high school	2	2	4
Reddington, Donald A. "Control Methods for Small Business." Management Accounting	recordkeeping	college	4	2	5
Reed, Walter W. Starting and Managing a Small Automatic Vending Business	planning management	high school	3	3	4
"Retailers Try Out Flexible Face Lifting." Business Week	selling	high school	3	3	4
Rice, J. Wade. Advertising - Retail Store	bibliography	high school	2	2	3
_____. Furniture Retailing	bibliography	high school	2	2	2-3
_____. Painting and Wall Decorating	bibliography	high school	2	2-3	3-4
_____. Retail Florist	bibliography	high school	3-4	3	4

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			GENERAL APPEAL TO TEACHER	GENERAL APPEAL TO STUDENT	
Ringstrom, H.S. Case Studies in Business Success and Failure	management success and failure	college	2	2	4
Robertson, Laura. How to Start a Money-making Business at Home	selling	high school	4	5	5
Rokicki, Gerald J. "This Production Control System for Small Printer Really Does." Inland Printer/American Lithographer	production	college	2	2	4
Rosenberg, R. Robert. Understanding Business Law	legal apsects	college	3	2	3
Ross, Joe and Gores, Stan. Starting and Managing a Pet Shop	planning management	high school	3	2	4
Rotch, William. Management of Small Enterprises Cases and Readings	management	college	4	3	5
Rubel, S.M. and Novotny, Eds. How to Raise and Invest Venture Capital	finding capital	college	4	3	5
Rust, Edward B. "What Business Must Do If It Is to Survive." U.S. News & World Report	social responsibility	high school	3	4	3
Safran, Claire, "Rags to Riches Female Style." Today's Health	management	high school	3	3	3

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			GENERAL APPEAL TO TEACHER	GENERAL APPEAL TO STUDENT	
Sanzo, Richard. Ratio Analysis for Small Business	recordkeeping	college	2	1	3
Schwartz, Irving. Personal Qualities Needed to Manage a Store	personal characteristics	high school	2	2	3
"The Shopper's Friend at Giant Supermarkets." Business Week	social responsibility	high school	3	3	3
Slattery, James. Business Letter Writing	communication	high school	2	2	4
"Slowdown Creeps up on the Small Store." Business Week	success and failure	high school	3	3	4
"Small Business Can Be Exporters." Commerce Today	exporting	high school	2	4	3
"Smallness Can Be an Advantage." Stores	defines small business	college	4	3	3
Smith, Leonard J. Training Commercial Salesmen	bibliography	high school	3	2	4
Smith, Norman Raymond. The Entrepreneur and His Firm	personal characteristics	college	3	2	5
Sorbet, Elizabeth M. Measuring the Results of Advertising	selling	high school	3	2	4-3
Spencer, H. "The Dangers of Social Responsibility." Conference Board Record	social responsibility	college	3	3	3

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			GENERAL APPEAL TO TEACHER	GENERAL APPEAL TO STUDENT	
Starting and Managing a Service Station	planning management	college	3	4	4
Starting and Managing a Small Retail Jewelry Store	planning	high school	3	2	3
Steinmetz, Laurence M. et al. Managing the Small Business	management	college	5	3	5
Steps in Incorporating a Business	legal aspects	college	2	1	2
"Stiffer Rules for Business Ethics." Business Week	social responsibility	high school	3	3	3
Stone, Morris. Arbitration: Peace Maker in Small Business	legal aspects	college	2	2	3
Stumm, Davis A. "Conducting a Job Interview - Select - Don't Settle." Supervisory Management	personnel	college	4	2	4
Swift, Marvin H. "Clear Writing Means Clear Thinking." Harvard Business Review	communication	college	3	2	4
Taylor, Charles. Merchandise Assortment Planning: The Key to Profit	selling	college	2	2	4
Telchn, Charles and Helfant, Seymour. Plan Your Store for Maximum Sales and Profit	selling	college	3	3	4

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"Tips for the Boss When It's Time to Fire." Personal Business	personnel	high school	3	3	4
Towle, Joseph W. et al. Ethics and Standards in American Business	social responsibility	college	4	2	3
U.S. Chamber of Commerce, Committee on Economic Policy. Small Business - Its Role and Its Problems	defines small business	high school	2	2	3
U.S. Senate. Small Business Failures Reports	success and failure	college	2	2	4
Valenti, Gabriel M. Interior Display: A Way to Increase Sales	selling	high school	3	3	4
Van De Mark, Robert. Controlling Inventory in Small Wholesale Firms	recordkeeping	college	1	1	4
Verrill, Addison. Reducing Shoplifting Losses	selling	college	2	2	3
Vorzimer, Louis. Using Census Data to Select a Store Site	location	college	2	2	4
Walsh, William J. "Writing Job Descriptions: How and Why." Supervisory Management	personnel	college	3	2	4

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			GENERAL APPEAL TO TEACHER	GENERAL APPEAL TO STUDENT	
Wanderstock, Dr. Jeremiah H. Restaurants and Catering	bibliography	college	3-4	2-3	5
Ware, Henry H. Starting and Managing a Swap Shop or Consignment Sale Shop	planning management	high school	3	3	4
Weber, Fred E., Jr. Locating or Relocating Your Business	location	high school	2	1	4
Weiss,Allen. "Better Business Writing." Supervisory Management	communication	college	3	2	4
Weiss, E.B. 1010 Tested Ideas That Move Merchandise	selling	college	4	3	5
"What Consumers Call Quality." Management Review	social responsibility	college	3	2	3
"What's the Right Price?" Purchasing	purchasing	high school	4	3	4
Wheelwright, S.C. "Strategic Planning in Small Businesses." Business Horizons	planning	college	4	3	4
"When an Employee's Behavior Becomes a Problem." Supervisory Management	personnel	high school	4	3	4
Whittington, Harold. Starting and Managing a Small Motel.	planning management	high school	1	1	3
Wienan, Solomon. The Blue Book of Business Letter Writing.	communication	high school	2	2	4

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			GENERAL APPEAL TO TEACHER	GENERAL APPEAL TO STUDENT	
Williamson, Max L. Bookstores	bibliography	high school	2	1	2
Windeshausen, H. Nicholas. Discount Retailing	bibliography	high school	2	2	3-4
Wingate, Isabel B., Ph.D. Buying for Retail Stores	bibliography	college	2	2	4-3
Wingate, John W. Management Audit for Small Retailers	management	college	2	1	3
Wingate, John and Halfant, Seyman. Small Store Planning for Growth	planning	college	2	2	4
Witt, Scott. How to Make Big Money at Home in Your Spare Time	selling	high school	3	2	3
Woelful, B. La Salle. Guides for Profit Planning	planning	college	3	3	5
Wood, Jane. Selling What You Make	selling	high school	3	4	4
Woodruff, Archibald M. and Alexander, T.G. Success and Failure in Small Manufacturing	production success and failure	college	2	1	4
Zeitlin, Lawrence. "The Easiest Kind of Job Enrichment: Let Employees Steal." Psychology Today	personnel	high school	4	4	4

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APPENDIX B

Films on Small Business Ownership and Management

TITLE AND DEVELOPER	CONTENT AREA	LENGTH	AUDIENCE	AVAILABILITY	COST
The Advertising Question. SBA	selling	13 minutes	high school/adult	National Audiovisual Center, GSA, Wash.,DC	
Anything Is Possible -- With Training. SBA	personnel	13 minutes	high school/adult	National Audiovisual Center, GSA, Wash., DC	
Burglary Is Your Business. SBA	crime prevention	15 minutes	high school/adult	National Audiovisual Center, GSA, Wash., DC	
Burton, Phillip. The $100,000 Misunderstanding. (1971)	community relations	black & white 19 minutes	senior high school/adult	Audiovisual Center, Indiana University, Bloomington,IND.47401	Sale $150.00 Rental $10.00
The Business Plan. SBA	planning	14 minutes	senior high school/adult	National Audiovisual Center, GSA, Wash.,DC	
The Calendar Game. SBA	selling	13 minutes	high school/adult	National Audiovisual Center, GSA, Wash.,DC	
A Case in Point. SBA	management	13-1/2 minutes	high school/adult	National Audiovisual Center, GSA, Wash.,DC	
Dun & Bradstreet. Small Business USA: The Story of Main Street. (1955)	success and failure	black & white 30 minutes	college/adult businesspersons	Dun & Bradstreet 99 Church St., N.Y., N.Y. 10007	free
Dyer, Vincent. Lloyd's Cafe. (1972)	personality characteristics	color 24 minutes	high school/adult	Vincent Dyer, 17529 San Jose St., Granada Hill,CA.91344	Sale $360.00 Rental $30.00
The Follow-up. SBA	selling	13 minutes	high school/adult	National Audiovisual Center, GSA, Wash.,DC	
Furman, William A. The Stones of Eden.(1966)	basic economic concepts	color 31 minutes	senior high school/adult	Contemporary McGraw-Hill Films, 330 W. 42nd St., N.Y., N.Y. 10036	Sale $295.00 Rental $20.00
The Habit of Winning. SBA	personality characteristics	28 minutes	senior high school/adult	National Audiovisual Center, GSA, Wash.,DC	

TITLE AND DEVELOPER	CONTENT AREA	LENGTH	AUDIENCE	AVAILABILITY	COST
The Heartbeat of Business. SBA	financial management	14 minutes	high school/adult	National Audiovisual Center, GSA, Wash.,DC	
The Inside Story. SBA	crime prevention	15 minutes	high school/adult	National Audiovisual Center, GSA, Wash.,DC	
It Can Happen to You. SBA	crime prevention	15 minutes	high school/adult	National Audiovisual Center, GSA, Wash.,DC	
It's Your Move. SBA	location	13 minutes	high school/adult	National Audiovisual Center, GSA, Wash.,DC	
Klein, Walter J. My Favorite Grocer. (1973)	management	color 15 minutes	senior high school/adult	W. J. Klein Co., 6301 Carmel Rd., Charlotte, N.C.28211	Free
The Language of Business. SBA	recordkeeping	14 minutes	high school/adult	National Audiovisual Center, GSA, Wash.,DC	
The Man or Woman for the Job. SBA	personnel	14 minutes	high school/adult	National Audiovisual Center, GSA, Wash.,DC	
Norwood Studios. The Marvelous Mousetrap. (1963)	management	color 24 minutes	junior high through adult	BNA Films, 5615 Fishers Lane Rockville,MD. 20852	Free
The Paperhangers. SBA	crime prevention	31 minutes	high school/adult	National Audiovisual Center, GSA, Wash.,DC	
Plant Pilferage. SBA	crime prevention	32 minutes	high school/adult	National Audiovisual Center, GSA, Wash.,DC	
The Professional. SBA	selling	30 minutes	high school/adult	National Audiovisual Center, GSA, Wash.,DC	
The Real Security. SBA	adaptability	20 minutes	senior high school/adult	National Audiovisual Center, GSA, Wash.,DC	
Russell, David. What Is Business? (1974)	small business defined	color 10 minutes	junior high/ high school	Sandler Institutional Films, 1001 N. Poinsetta Place, Los Angeles,CA. 90046	Sale $140.00 Rental $15.00

TITLE AND DEVELOPER	CONTENT AREA	LENGTH	AUDIENCE	AVAILABILITY	COST	
Sandler, Allan Frank. The Women's Prejudice Film. (1972)	women and work	color 18 minutes	senior high/ adult	Sandler Institutional Films, 1001 N. Poin-Setta Place, Los Angeles, CA. 90046	Sale $255.00 Rental $30.00	
The Seventh Chair. SBA	credit and collection	12-1/2 minutes	high school/adult	National Audiovisual Center, GSA, Wash.,DC		
The Shoplifter. SBA	crime prevention	20 minutes	high school/adult	National Audiovisual Center, GSA, Wash.,DC		
A Step in the Right Direction. SBA	recordkeeping	12 minutes	high school/adult	National Audiovisual Center, GSA, Wash.,DC		
They're Out to Get You. SBA	crime prevention	12-1/2 minutes	high school/adult	National Audiovisual Center, GSA, Wash.,DC		
Three Times Three. SBA	resources	11 minutes	high school/adult	National Audiovisual Center, GSA, Wash.,DC		
Variations on a Theme. SBA	selling	13 minutes	high school/adult	National Audiovisual Center, GSA, Wash.,DC		
Wisconsin, University of. Managing a Successful Business. (1970)	management	black & white 90 minutes	high school/adult	University of Wisc., Bureau of Audiovisual Instruction. 1327 University Ave., Madison,WIS. 53706	Sale - not available Rental $7.50.	
You and Your Customers. SBA	selling	14 minutes	high school/adult	National Audiovisual Center, GSA, Wash.,DC		

APPENDIX C

Curricula on Small Business Ownership and Management

CE 010 007

TITLE AND DEVELOPER	COMPLETENESS*	EXTENT OF VALIDATION	MEANS OF VALIDATION	VALIDATED WHERE OR BY WHOM	SOURCES OF FUNDS FOR DEVELOPMENT	AVAILABILITY	COST
Small Business Management Adult Course Outline, New York State Bureau Continuing Education Curriculum Development	complete	not available	classroom use	New York State Adult Education Program	State University of New York through New York Dept of Education	New York State Education Dept. Albany, New York	not available
Small Business Management Part I, The State Education Dept., the University of the State of New York, Bureau of Continuing Education Curriculum Development	complete	not available	classroom use	New York State secondary schools	State University of New York through New York Dept. of Education	New York State Education Dept. Albany, New York	not available
Small Business Management Part II, The State Education Dept., The University of the State of New York, Bureau of Continuing Education Curriculum Development	complete	not available	classroom use	New York State secondary schools	State University of New York through New York Dept. of Education	New York State Education Dept. Albany, New York	not available
New Small Business Management Training Materials. Saskatchewan Newstart, Inc.	complete	not available	not available	not available	Saskatchewan Newstart and Training Research and Development Station	Saskatchewan Newstart, Inc., 101 River St.E., Prince Albert, Saskatchewan S6V5T2	$654.95 (1973)

*Completeness with respect to the five major aspects of curriculum development: objectives, content, learning experiences and teaching strategies, teaching aids, and evaluation.